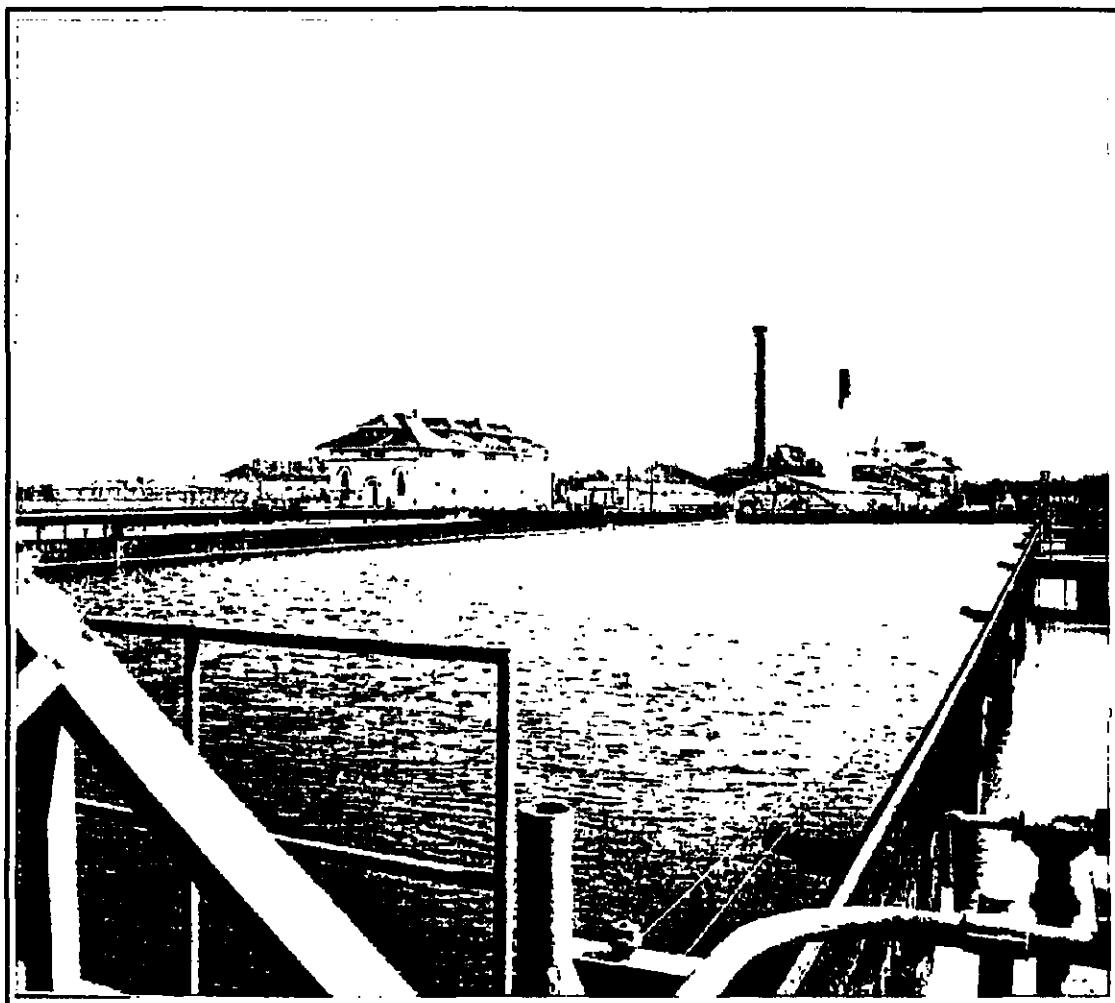


30.2



Sewerage and Water Board

OF NEW ORLEANS, LOUISIANA



Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

SEP 12 2012

Release Date _____

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2011

About The Cover

Since 1998, the USEPA requires that all water utilities produce and mail to all citizens a Consumer Confidence Report (CCR). Its purpose is to inform customers of the state of the Board's drinking water. Since 1998 and many years before, the Board's water has met or exceeded all EPA regulations for drinking water. This is an outstanding record, considering the source of New Orleans' water is the Mississippi River. In 2011, the Board produced 49.1 billion gallons of water on the East Bank and 4 billion in Algiers. Those amounts include purified water for drinking, personal needs, fire fighting and commercial and industrial uses. The most current and recent CCRs can be found on the Board's website: www.swbno.org under Documents and Reports. Above is one of four basins where the majority of sediment from the river water is removed. This is the first step in a complex series of mechanical and chemical processes, that produce the Board's purified and high quality water. The sedimentation basin shown is at the Carrollton Water Purification Plant. The Algiers Water Treatment Plant uses similar basins and processes to produce its quality water.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

**Comprehensive Annual Financial Report
For The Year Ended
December 31, 2011**

**Prepared by:
Finance Administration
Ethel H. Williams
Financial Administrator**

Mission, Vision, and Values

Our mission is to provide safe drinking water to everyone in New Orleans; to remove waste water for safe return to the environment; to drain away storm water; to provide water for fire protection; to provide information about products and services; and to do all of this continuously at a reasonable cost to the community.

Our vision is to have the trust and confidence of our customers for reliable and sustainable water services.

We believe in these values as the foundation for how we will perform our mission and pursue our vision:

- We will focus on our customers and stakeholders.
- We will treat each customer and employee with dignity and respect.
- We will value each employee, their work, and their commitment.
- We will be truthful, trustworthy and transparent.
- We will be knowledgeable and diligent in the performance of our duties.
- We will use financial resources prudently.
- We will be accountable for our performance.
- We will continuously improve our performance.
- We will ensure that the systems that provide our services remain viable for future generations.
- We will remain on the job and will be prepared for storms and other risks.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Comprehensive Annual Financial Report
Year ended December 31, 2011

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*Photo Courtesy of
The Times-Picayune*

G. Joseph Sullivan A Remarkable 39 Years of Service To The Sewerage & Water Board

G. Joseph "Joe" Sullivan, who served as General Superintendent of the Sewerage & Water Board for 36 years, passed away in December of 2011 at the age of 85. For three years he served as General Superintendent Emeritus, working with new Superintendent Joseph R. Becker.

In 1972 Sullivan was appointed general superintendent. He was only the 5th person to occupy this position since 1899.

As general superintendent, he oversaw the expansion of every system at the Board. Mayor Mitchell J. Landrieu, president of the S&WB, said, "The City of New Orleans has lost a great man and a creative engineer who knew the challenges and solutions to the problems of our below-sea-level City better than anyone."

Sullivan led much of the post-Katrina recovery of the Board. With the Corps of Engineers, he worked on construction of flood gates at outfall canals, the restoration of drainage and sewer pumping stations and treatment plants, power plant recovery, water distribution and a myriad of other on-going projects.

In January of 2009, Drainage Pumping Station No. 6 on the 17 St. Canal, the world's largest pumping station, was named in his honor. Under Mr. Sullivan's watch, much of the modern and efficient water, sewer and drainage systems were constructed.

During his career he earned numerous honors and has received many awards for his technical expertise, lifetime accomplishments and contributions to his profession.

His retirement in 2008 brought to an end more than 36 years of hands-on service, leadership and direction to the Board and over 50 years of service within the construction industry.



"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21ST CENTURY"

Sewerage & Water Board of NEW ORLEANS

MITCHELL J. LANDRIEU, President
WM RAYMOND MANNING, President Pro-Tem

625 ST. JOSEPH STREET
NEW ORLEANS, LA 70165 • 504-529-2837 OR 52W-ATER
www.swbnola.org

April 25, 2012

**TO: THE HONORABLE PRESIDENT AND MEMBERS OF THE
SEWERAGE AND WATER BOARD OF NEW ORLEANS**

We are pleased to present the Comprehensive Annual Financial Report of the Sewerage and Water Board of New Orleans for the year ended December 31, 2011. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rest solely with the Sewerage and Water Board. It is our belief that the data, as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position, results of operations, and cash flows of the Board's Enterprise and Pension Trust Funds. All disclosures necessary to enable the reader to gain an understanding of the Sewerage and Water Board's financial activities have been included.

COMPREHENSIVE ANNUAL FINANCIAL REPORT SECTIONS

The Comprehensive Annual Financial Report is presented in four (4) major sections: Introductory, Financial, Statistical and Supplemental. The Introductory Section includes the transmittal letter and listings of the officers, members and committees of the Board of Directors. This section also includes the Board's organizational chart and a reproduction of the 2010 Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association. The Financial Section includes the independent auditors' report, along with the basic financial statements, required supplementary information, accompanying notes and other supplementary information. The individual fund statements for the Enterprise and Pension Trust Funds are included. Required supplementary includes management's discussion and analysis and a schedule of pension funding progress and contributions. The Statistical Section includes selected financial and demographic information, generally in a multi-year presentation. Additional information relative to the Sewerage and Water Board's operations is included in a Supplemental Section.

The independent audit of the financial statements of the Sewerage and Water Board was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Sewerage and Water Board's separately issued Single Audit Report.

The Sewerage and Water Board meets the criteria for classification as an "other stand-alone government" as described in Governmental Accounting Standards Board Statement No. 14. The reporting entity includes the Enterprise Fund and the Pension Trust Fund. The Enterprise Fund is composed of three (3) independent systems: Water, Sewerage and Drainage. The Board adopted Governmental Accounting Standards Board Statement No. 34 – Basic Financial Statements – Management's Discussion and Analysis – for State and Local Government in 2002.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Sewerage and Water Board's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS

Sewerage and Water Board of New Orleans is a political subdivision created in 1899 by Louisiana State Statutes. The Board is charged with construction, operation, and maintenance of Water, Sewerage and Drainage Systems for the City of New Orleans. By agreement, approximately 2,550 acres of adjoining Jefferson Parish is served by the Board's drainage facilities for which Jefferson Parish pays its pro rata share of expenses. In addition, the Board provides sewerage services to Jefferson Parish businesses the majority of which are restaurants located in the West End neighborhood near the Lakefront. Additionally, the Board provides water and sewerage services to the Plaquemines Parish Industrial Park. The Sewerage and Water Board was established as a "special board" operating independently of city government. The Mayor of New Orleans serves as the President of the Board of Directors which is composed of three (3) representatives of the City Council, two (2) representatives of the Board of Liquidation, City Debt and seven (7) appointees as designated by the State statutes.

ECONOMIC CONDITION AND OUTLOOK

The Board's service area includes the Civil Parish of Orleans in the state of Louisiana and covers 364 square miles. Based on the 2010 census, the population of Orleans Parish was 343,829. Major industries include tourism, oil and gas, transportation, health and other services, such as legal, education and entertainment.

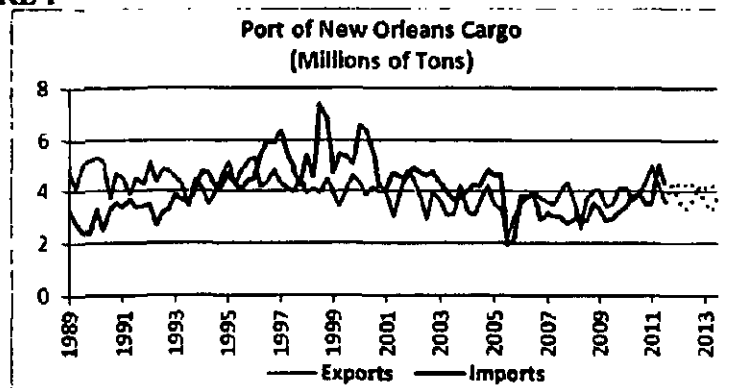
According to the December 2011 issue of the Metropolitan Report, Economic Indicators for the New Orleans Area (UNO Report) the manufacturing employment count stands at just over 32,000 jobs. Although the sector added about 500 jobs when compared to the previous quarter, layoffs at Avondale Shipyard will significantly affect the transportation manufacturing sector. Currently, about 4,000 employees remained at the shipyard, which is expected to be closed by the second half of 2013. Over the last few months, some alternatives have been proposed to stop the shipyard closure. The alternatives include a \$214 million package from the state over the next 10 years if the company keeps the jobs, and a joint venture where a new company, American Feeder Lines, would build ships at Avondale's site.

Recently, the U.S. Postal Service announced that the processing and distribution center on Loyola Avenue is one of the centers likely to be closed. The restructuring changes in an effort to reduce the Postal Service national operating deficits could happen as early as May 2012. These changes would result on the relocation of 880 jobs and the potential loss of 120 positions, according to the Report.

In the third quarter of 2011, health care and social assistance, including employment in hospitals and ambulatory health care, had a total of 59,000 jobs, a net increase of about 4,000 jobs over the first three quarters of 2011. This industry will continue to grow as the Veterans Hospital is completed and plans for the new Charity Hospital are completed. Professional services had a total of 67,600 jobs in the third quarter, adding nearly 1,700 net jobs in the last three quarters.

Foreign trade tonnage at the Port of New Orleans grew 13% in the first three quarters of 2011. Despite the lower U.S. dollar value, both imports and exports have increased. Imports grew at a faster pace than exports at 16% and 9% respectively. Although this period looks good compared to last two years, the port is still shipping less tonnage than levels common over a decade ago according to the Report (see Figure 1 below).

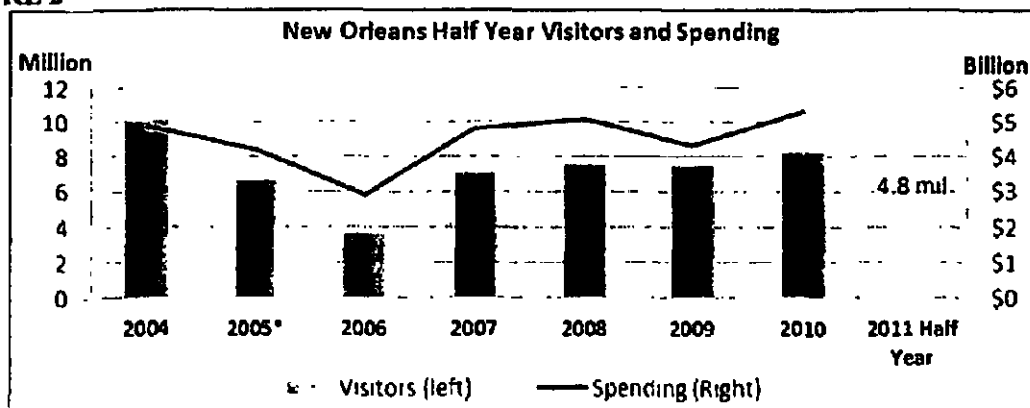
FIGURE 1



The New Orleans tourism industry showed signs of continuing recovery through the first half of 2011. 4.8 million visitors came to New Orleans, an increase of 8% compared to the same period the previous year. Visitor spending estimated at \$3.1 billion, represents a growth of 10% compared to the period between January and June 2010. Visitor spending is unadjusted for inflation and excludes gambling and roundtrip transportation expenditures according to the Report (see Figure 2 below).

In the three quarters of 2011, hotel sales were up 10%, while convention room nights were down 7% compared to 2010. It should be noted that the first quarter of last year was an extremely busy time in New Orleans tourism including strong convention bookings and attendance of business visitors. Airport traffic was up about 4% when compared to the same quarter in 2010

FIGURE 2



WATER SYSTEM MAJOR INITIATIVES

Carrollton Water Purification Plant

- Construction for the new sodium hypochlorite storage and feed facility is approximately 90 percent complete. This project, which replaces chlorine delivered in rail cars with sodium hypochlorite, includes bulk storage and pumping facilities for hypochlorite, the addition of a second disinfectant point, and some water plant SCADA system improvements. This project is being financed through the Department of Health and Hospital State Revolving Loan Program and ARRA stimulus funding will result in \$1,000,000 of principal forgiveness for the S&WB. When complete, the Carrollton Plant will no longer house 55 ton rail cars of chlorine, significantly reducing the risk of exposure to the plant staff and the surrounding community and environment to a toxic chlorine release.
- Overhaul of flocculation-sedimentation basin G3 is complete and the basin has been put into service.
- Outstanding repairs include the damaged plugged venturi plumbing and repair or replacement of the pump infrastructure.
- Repairs to the flocculation equipment and mono-rake system in the L4 Basin have been completed.
- The C Basins which serve as disinfection contact basins as well as secondary sedimentation basins were cleaned while remaining in service using a portable dredging unit. This in-situ cleaning, along with some creative disinfection methods allowed the return to service of C5/6 basin providing additional treatment capacity and redundancy. Infiltration issues related to this basin still need to be addressed in the future.

Algiers Water Purification Plant

- Construction and implementation of a new sodium hypochlorite feed system to address the cold water virus inactivation CT calculated deficiencies at this facility were completed providing for a free chlorine disinfection segment in the treatment process. This short-term solution successfully addressed the CT needs.
- A long-term solution of a disinfection contact basin post filtration is still needed. The sodium hypochlorite generation system has been in service since April 2009 and continues to support the daily normal plant needs for disinfectant in the potable water treatment process. To date the system has proven to be a reliable and cost effective alternative to bulk chlorine gas, and has drawn much interest from the consulting community and the industry research community.

Water Pumping & Power:

- The total capacity of the plant is at present 35 MW. Turbine 1 (6 MW) is to be retrofitted with a new governor in 2012. Turbine 4 (20 MW) was repaired and is available for emergency use at an estimated reduced capacity of 12 MW. Design was completed to replace the steam path, rotor and condenser, install 8 transmitters, update the governor control system and replace the turbine with 25Hz motor on the condensate pump. The repair of Turbine 4 was bid in December 2011.
- The local power company has completed construction of a new high-pressure natural gas line into the power plant. The new line will support the new 15 MW, 60 cycle turbine-generator package for emergency 60 cycle power when commercial power is not available.
- The New River Intake Station is operational and has sufficient capacity to supply the raw water requirements for the Carrollton Water Purification Plant. The Oak River Intake Station currently has pumps "B", "C" and "D" available for service should the New River Intake need to be shut down for maintenance issues or if additional pumping capacity is required.
- Specifically for the New River Intake Station, all three raw water pumps have been returned to service. One of the three pumps has been refurbished with new pump bearings, line shaft bearing, couplings etc. whereas the other two pumps have yet to be refurbished. FEMA is funding the repair or replacement of the suction, discharge and check valves.

- The three high lift pump stations are operational. The Claiborne High Lift Pump Station has four pumps in service, two driven with 25 cycle powered electric motors and two with 60 cycle powered electric motors. There are in addition two pumps driven by the DeLaval steam turbines located at the power plant which offer redundancy in unison with the electric driven Claiborne Pumps. One of the two DeLaval steam driven distribution pumps and turbine is currently undergoing reconditioning to be followed by reconditioning of the second pump-turbine package. FEMA is funding the repair of both pump-turbine packages. The Panola Street High Lift Pump Station serves as a backup in the event of an emergency or to offer additional pumping during maintenance outages.

Water Distribution System:

- In 2011, Echologics began providing system wide leak detection services for the distribution system and with particular emphasis on the transmission mains. Surveys were conducted to identify leaks in water mains for repair or replacement in advance of construction activities planned by various agencies. The vendor also performed emergency surveys to facilitate maintenance activities. Leak detection activities identified to date 789 leaks in the distribution system.
- The leak detection program also utilized Sahara, a tethered in-line acoustic leak detection system for inspecting large diameter transmission mains, as a follow-on to the similar, non-tethered Smartball. Approximately 8,000 of large diameter pipe were inspected with Sahara.
- Over 17,000 work activities occurred in the water system in 2011. These included 345 investigations of water leaks, inspection of 778 water valves, repairs to 11,055 water services lines, 2,021 water mains, 994 valves, 1099 fire hydrants and 23 water manholes. Additionally, staff 2,458 water meters were installed or removed.
- Preventative maintenance of fire hydrants is continuing in coordination with the local fire department. Of the 16,500 fire hydrants mapped, the Board performed preventative maintenance for 2,796.

SEWER SYSTEM MAJOR INITIATIVES

East Bank Wastewater Treatment Plant:

- The new Vacuum Swing Adsorption (VSA) oxygen production plant capable of producing 70 tons of oxygen at greater than 93% purity went on-line in July of 2011. This plant is currently producing an average of 40 tons at 94.7% purity for use in the plant's secondary treatment oxygen reactors.
- FEMA has reviewed and approved a sludge dryer system as an alternative method of sludge disposal and backup to the Fluid Bed Incinerator (FBI). This sludge processing equipment is in the preliminary and pre-bid phase of the project. This initiative involves the procurement and installation of a ten (10) dry ton per day sludge dryer to blend into the existing sludge stream prior to incineration. The resulting sludge quality will be greater than 33% Total Solids (TS) allowing for an autogenous burn, which will require fuel only for start ups, greatly reducing diesel and natural gas expenses.
- At present the influent TSS and BOD concentration are approximately 147 milligrams per liter (mg/L) and 105 mg/L, respectively. This is lower than normal concentrations, which is probably the result of a significant increase in the amount of inflow infiltration in the collection system following the hurricane requiring treatment at the plant. Effluent quality has been good over the year, with zero permit violations or process overflows in 2011.
- Currently a wetland assimilation project is under construction. This project entails the construction of two 8-acre cells within a currently degraded urban wetland directly north of the East Bank WWTP. At present cell construction has been completed and each cell will be filled by dredging of adjacent sediment. Neutralized and disinfected biosolids from the treatment plant will be mixed with the dredge material in one of the two cells. 164,000-gallons per day of disinfected effluent will be distributed to

the two cells until soil salinities within each cell near 3 part per thousand at which time seedlings of wetland tree species will be planted. This project will convert 16 acres of degraded wetland into a cypress forest capable of providing a storm buffer for the Lower 9th Ward of New Orleans. It will also advance the science of wetland assimilation projects and assess the feasibility of incorporating biosolids into dredged material for wetland restoration.

- The Board was successful in appealing FEMA to fund the mitigation effort to the berm around the wastewater treatment plant. Design of an earthen/structural berm is underway. Construction is tentatively scheduled to begin in early 2012.

West Bank Wastewater Treatment Plant:

- Rehabilitation of the final clarifiers at the treatment plant were completed in 2011 providing for effluent quality improvement
- BioCat is used instead of hydrogen peroxide for odor control in the collection system. A significant benefit has been realized in the effluent quality of the trickling filter plant since the new chemical does not adversely impact the biofilm in the trickling filter, although the chemical cost is approximately 20% higher than using hydrogen peroxide.

Sewage Pumping and Lift Stations:

- All the sewer pump stations are operational; however some facilities are continuing to utilize temporary pumps. The majority of the stations require rehabilitation, i.e., electrical repair, bearing replacement, and flood proofing. Approximately 80% of the electrical work has been completed. Pump bearing and pump repair work and flood proofing is ongoing.
- FEMA is funding repairs to the sewer pump stations to pre-Katrina conditions. Designs for the repair and/or replacement to 62 stations are complete. Construction contracts have been awarded and are scheduled to be completed for majority of the stations in 2012 and 2013.
- The Board is proposing that FEMA fund the installation of transfer switches at the sewage pumping stations. The switch will provide the ability for the pumps to be powered by a generator in the event of electrical power loss.

Sewer Collection System:

- Sewer rehabilitation projects were completed in the Carrollton, Mid-City and Lower Ninth Ward areas.
- Two sewer rehabilitation construction projects in the Lower Ninth Ward were awarded. The projects are being financed through the Department of Environmental Quality State Revolving Loan Program.
- Design projects are continuing for multiple point repair and replacement of sanitary sewers in the Carrollton, Lower Ninth Ward, Mid-City, New Orleans East and South Shore areas. Construction for these projects shall be completed by 2015.
- Construction projects for replacement of sewer mains from manhole to manhole for various sites throughout Orleans Parish were awarded.
- The Board is continuing to coordinate with DOTD and DPW in repair of sewer lines associated with the Submerged Roads Program, SSERP, ESSA and other roadway repair projects as well as routine reconstruction and maintenance.
- Preventative maintenance of the collection system included inspection of 1,018,878 feet of sewer line utilizing closed circuit television and smoke testing, cleaning of 1,066,536 ft. of the sewer system, inspection of 18,446 sewer manholes and repairs to 1,820 sewer breaks. Thirty-three air release valves were inspected and maintained and 168 force main isolation valves were inspected and exercised. Alignment inspection of 102 miles of the force main was also accomplished.
- Cathodic protection survey is performed annually on the 22 systems in place in the collection system. Design is continuing for repairs to the cathodic protection systems damaged as a result of Katrina.

DRAINAGE SYSTEM MAJOR INITIATIVES

Pump Stations:

- The \$58.8 M expansion of Dwyer Road Pumping Station from 125 cfs to 1000 cfs is in the final stages of construction. The project is 100% federally funded and scheduled to be completed in the spring of 2012.
- The replacement of the Elaine Pumping Station was awarded in July 2009. The \$3.2 M Corps project was completed in 2011 and is now in service

Drainage Canals:

- Florida Avenue Canal Phase I is currently under construction. The \$49.1 M project is 100% federally funded and consists of an open concrete canal within the Florida Avenue right of way between Mazant Street and Drainage Pump Station # 19. Phase I was awarded in January 2010 and scheduled for completion by late 2012. Florida Avenue Canal Phases II and III from Peoples Avenue to Mazant Street are currently under design.
- Other Southeast Louisiana Urban Flood Control Program (SELA) projects under design include Napoleon Avenue Canal Phases II and III from South Claiborne Avenue to Carondelet Street, Claiborne Avenue Canal Phases I and II from Monticello Street to Lowerline Street, Jefferson Avenue Canal Phase I and II and Louisiana Avenue Canal, both from South Claiborne Avenue to Constance Street.

FINANCIAL INFORMATION

The Enterprise Fund's water and sewerage systems are financed by user fees. The unique characteristics of the services provided by the drainage System of New Orleans requires the use of Enterprise Fund accounting in order to obtain a meaningful measure of the cost of providing the services and capital maintenance. On March 21, 2007, the Board approved a series of five annual water rate increases beginning with the first increase on November 1, 2007 followed by four additional increases to be implemented on July 1 of each year, 2008 through 2011. The New Orleans City Council approved the annual water rate increases on October 4, 2007. Revenues from the three- (3) mill, six- (6) mill and nine- (9) mill ad valorem taxes, which are restricted exclusively for drainage services, finance the Drainage System. These ad valorem taxes are the operating revenues of the drainage system

Budgetary Control:

The Sewerage and Water Board maintains an internal budgetary control through the preparation and monitoring of an annual operating and capital budget for the Water, Sewerage, and Drainage funds. Monthly budget reports are provided to department level managers to assist them in their fiscal responsibilities.

General Operations

The change in net assets for the year ended December 31, 2011 was an increase of approximately \$92.2 million, as opposed to an increase in net assets of approximately \$89.5 million for the year ended December 31, 2010. The Board's total operating revenues increased by 7.3% to approximately \$139.6 million, and total operating expenses decreased by 2.8% to approximately \$170.9 million. Operating and maintenance grants increased in 2011 to \$11.5 million due to operation and maintenance expenditures made during 2011 under the FEMA Disaster Public Assistance grant. The increase in transmission and distribution expenses in 2011 of \$11.3 million or 71.0% is primarily due to an increase in operation and maintenance expenses of \$11.0 million under paving contracts. The decrease in maintenance of general plant in 2011 of \$3.3 million or 11.5% resulted primarily from additional repair and maintenance expenses incurred in 2010.

Other Information:

State Statutes and covenants governing outstanding bond issues require an annual audit of the Board's financial records by independent certified public accountants. The accounting firm of Postlethwaite & Netterville was selected by the Board to perform this audit through a competitive bid process. The independent auditors' report on the basic financial statements is included in the Financial Section of the report. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Sewerage and Water Board of New Orleans for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

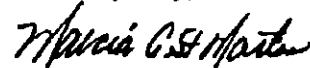
A Certificate of Achievement is valid for a period of one (1) year only. The Sewerage and Water Board of New Orleans has received a Certificate of Achievement for twenty-eight (28) years. We believe our current report continues to conform to the Certification of Achievement Program requirements and we are submitting it to GFOA.

ACKNOWLEDGMENTS

The Comprehensive Annual Financial Report was prepared by the dedicated staff of the Director's Office, particularly the Finance Administration and Printing Department. Additionally, we realize that the cooperation of each Department of the Sewerage & Water Board of New Orleans is essential, and we appreciate the willingness to work together toward this endeavor.

We also wish to thank the members of the Board for their interest and support in our efforts to achieve greater fiscal efficiency and accountability.

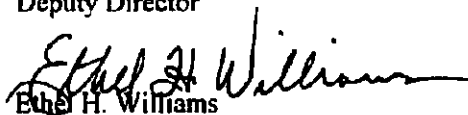
Yours very truly,



Marcia A. St. Martin
Executive Director



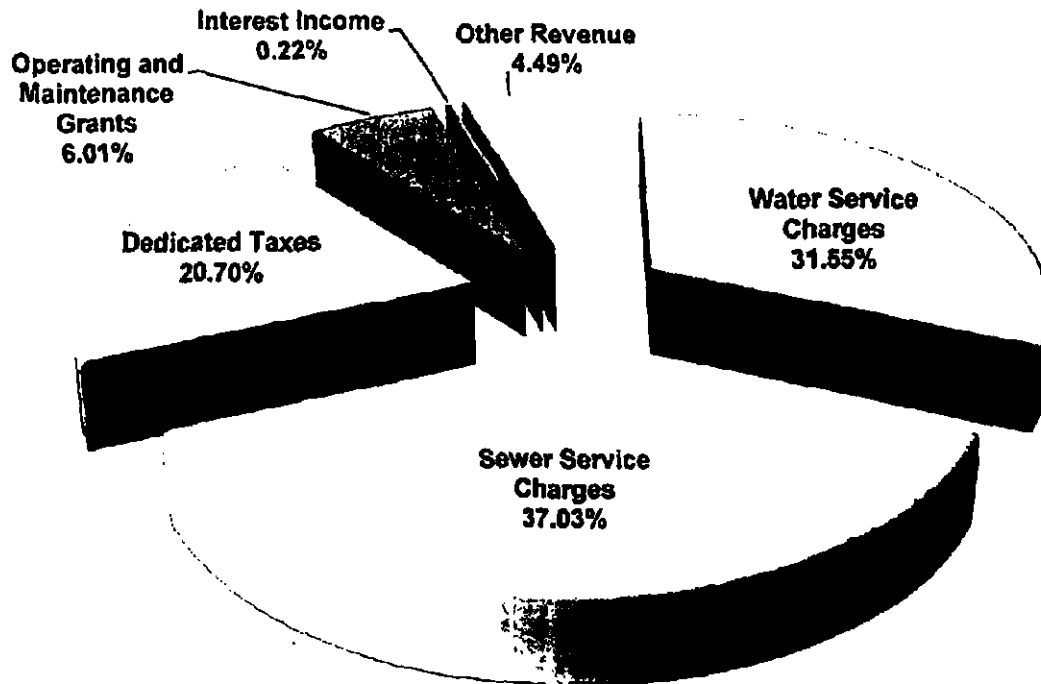
Robert Miller
Deputy Director



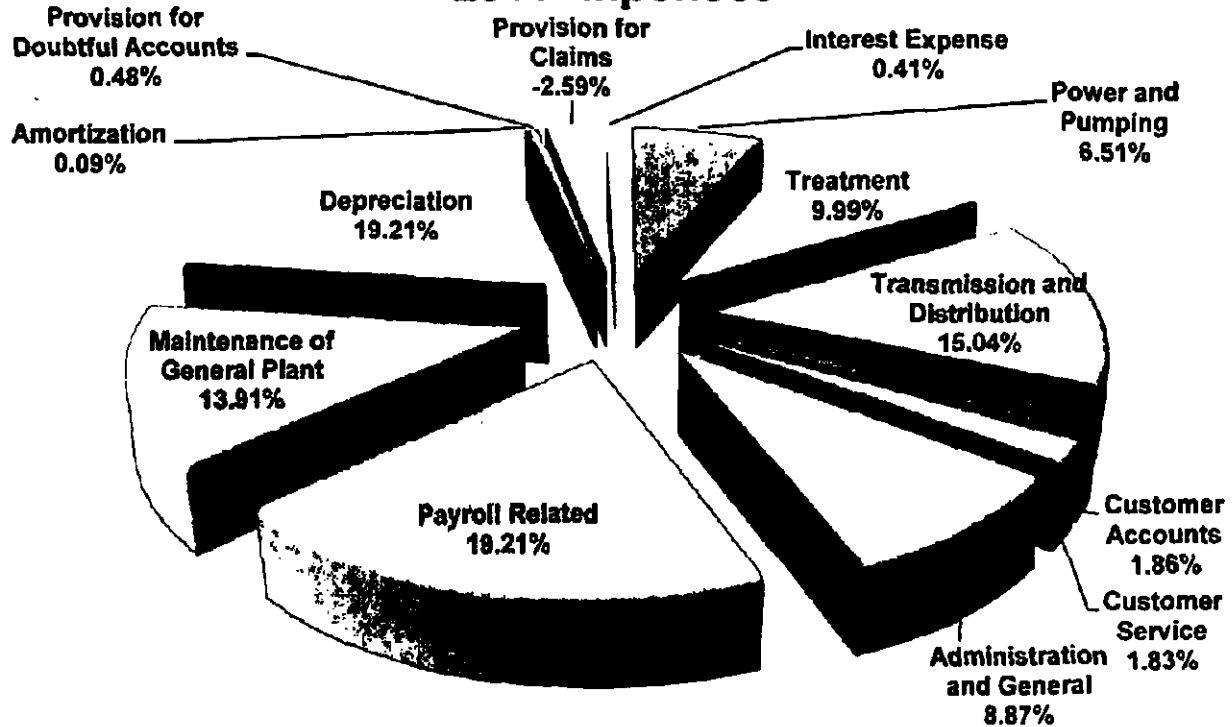
Ethel H. Williams
Financial Administrator

Sewerage and Water Board of New Orleans

2011 Revenue



2011 Expenses



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Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Sewerage and Water Board
of New Orleans, Louisiana**

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010**

**A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.**



Linda C. Danison

President

Jeffrey R. Enen

Executive Director

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**OFFICERS
of the
SEWERAGE AND WATER BOARD
OF NEW ORLEANS**

December 31, 2011

MITCHELL J. LANDRIEU President
Mayor, City of New Orleans

WILLIAM RAYMOND MANNING President Pro Tem

MARCIA A. ST. MARTIN Executive Director

ROBERT MILLER Deputy Director

JOSEPH BECKER General Superintendent

MADELINE F. GODDARD Deputy General Superintendent

GERARD A. VICTOR Special Counsel

**MEMBERS OF
SEWERAGE AND WATER BOARD OF NEW ORLEANS**

December 31, 2011

| | |
|-------------------------------|-------------------------|
| MITCHELL J. LANDRIEU | Mayor |
| MARION BRACY | Councilmanic District D |
| JACQUELYN B. CLARKSON | Councilwoman-At-Large |
| STACY HEAD | Councilwoman District B |
| JON D. JOHNSON | Councilman District E |
| WILLIAM RAYMOND MANNING | Board of Liquidation |
| MARK M. MOODY | Board of Liquidation |
| GLEN PILIE | Councilmanic District A |
| FLORENCE W. SCHORNSTEIN | Councilmanic District B |
| VACANT | Councilmanic District C |
| CHARLES F. WEBB | Councilmanic District E |
| BEVERLY WRIGHT, PhD | At-Large Appointment |
| LOYCE P. WRIGHT | At-Large Appointment |

COMMITTEES OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2011

EXECUTIVE COMMITTEE

WILLIAM RAYMOND MANNING – Chairperson

GLEN PILIE

FLORENCE W. SCHORNSTEIN

FINANCE AND OPERATIONS COMMITTEE

WILLIAM RAYMOND MANNING – Chairperson

STACY HEAD
JON D. JOHNSON

CHARLES F. WEBB
LOYCE WRIGHT

INFRASTRUCTURE COMMITTEE

FLORENCE W SCHORNSTIEN - Chairperson

MARION BRACY
JACQUELYN B. CLARKSON

GLEN PILIE
BEVERLY WRIGHT, PhD

OPERATIONS COMMITTEE

JON D. JOHNSON, Chairperson

MARION BRACY
FLORENCE W. SCHORNSTEIN

CHARLES F. WEBB

PENSION COMMITTEE

WILLIAM RAYMOND MANNING – Chairperson

JACQUELYN B. CLARKSON
STACY HEAD
HAROLD HELLER
MARVIN RUSSELL

GERALD TILTON
CHARLES F. WEBB
JOHN WILSON

PLUMBING COMMITTEE

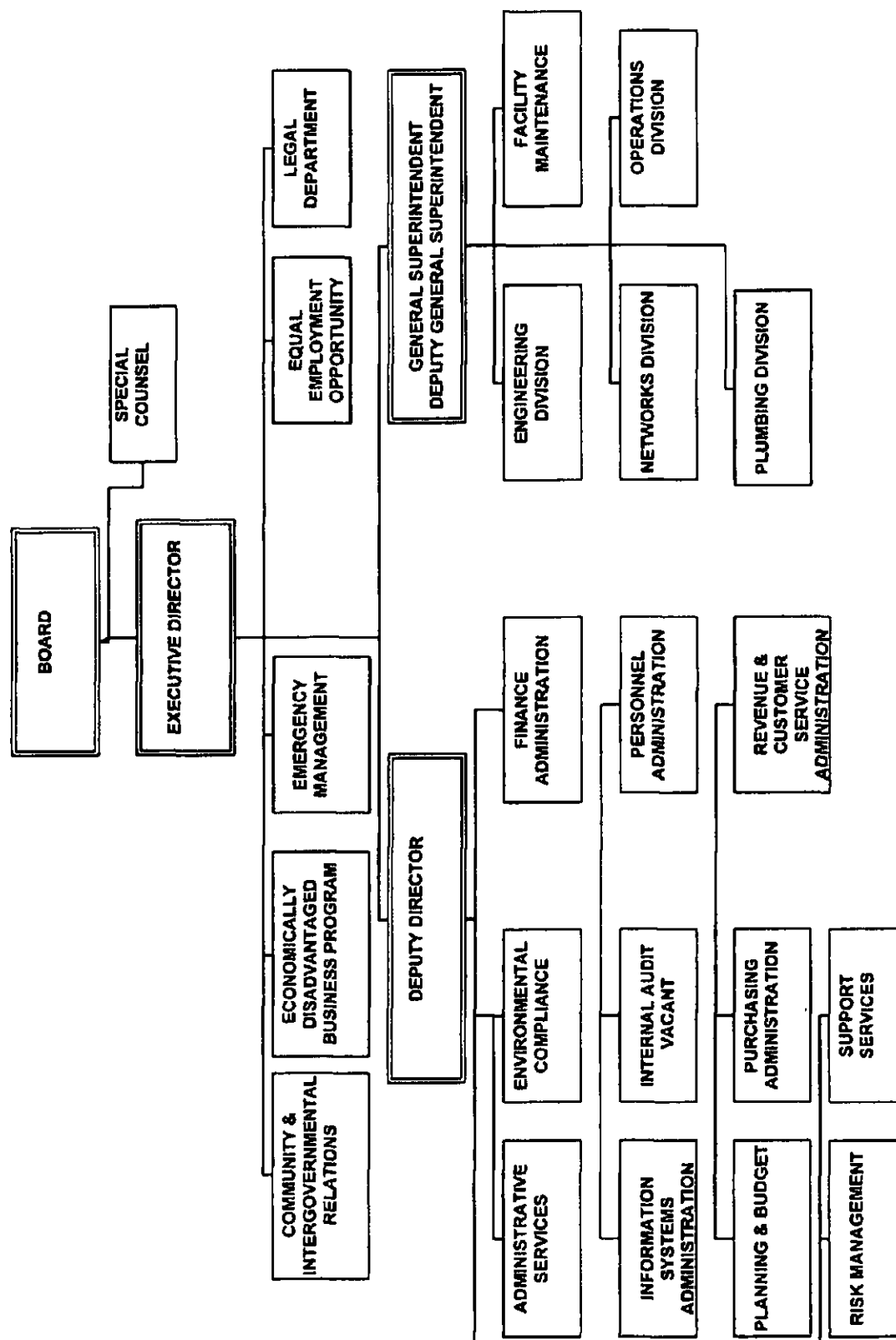
GLEN PILIE – Chairperson

JAY ARNOLD
MARION BRACY
RONNIE CROSBY
JIM FINLEY

WILLIAM RAYMOND MANNING
MARK M. MOODY
BEVERLY WRIGHT, PhD

MICHAEL CONEFRY & COMPANY, ACTUARY

SEWERAGE AND WATER BOARD ORGANIZATION CHART 2011



**THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
DIVISION HEADS OF DEPUTY DIRECTOR**

December 31, 2011

**ROBERT MILLER
DEPUTY DIRECTOR**

ADMINISTRATIVE SERVICES

LYNN COBETTE

ENVIRONMENTAL COMPLIANCE

VACANT

FINANCE ADMINISTRATION

ETHEL H. WILLIAMS

INFORMATION SYSTEMS ADMINISTRATION

MELINDA NELSON

INTERNAL AUDIT

VACANT

PERSONNEL ADMINISTRATION

KEVIN WALSH

PLANNING AND BUDGET

DEXTER JOSEPH

PURCHASING ADMINISTRATION

WILLIE M. MINGO, JR.

REVENUE AND CUSTOMER SERVICES ADMINISTRATION

JACQUELINE K. SHINE

RISK MANAGEMENT

ISIAH CAMERON

SUPPORT SERVICES

JOHN WILSON

**THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
DIVISION HEADS OF GENERAL SUPERINTENDENT**

December 31, 2011

**JOSEPH BECKER
GENERAL SUPERINTENDENT**

**MADELINE F. GODDARD
DEPUTY GENERAL SUPERINTENDENT**

ENGINEERING DIVISION

JOHN (JACK) HUERKAMP

FACILITY MAINTENANCE DIVISION

GABE SIGNORELLI

NETWORKS DIVISION

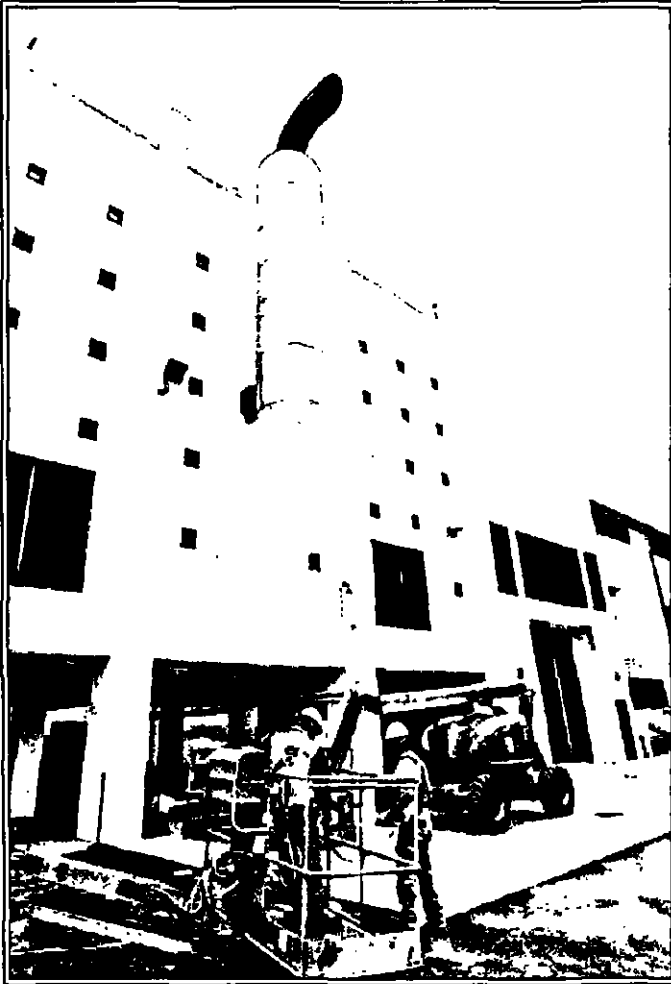
RUDY AUGUST

OPERATIONS DIVISION

BOB MOEINIAN

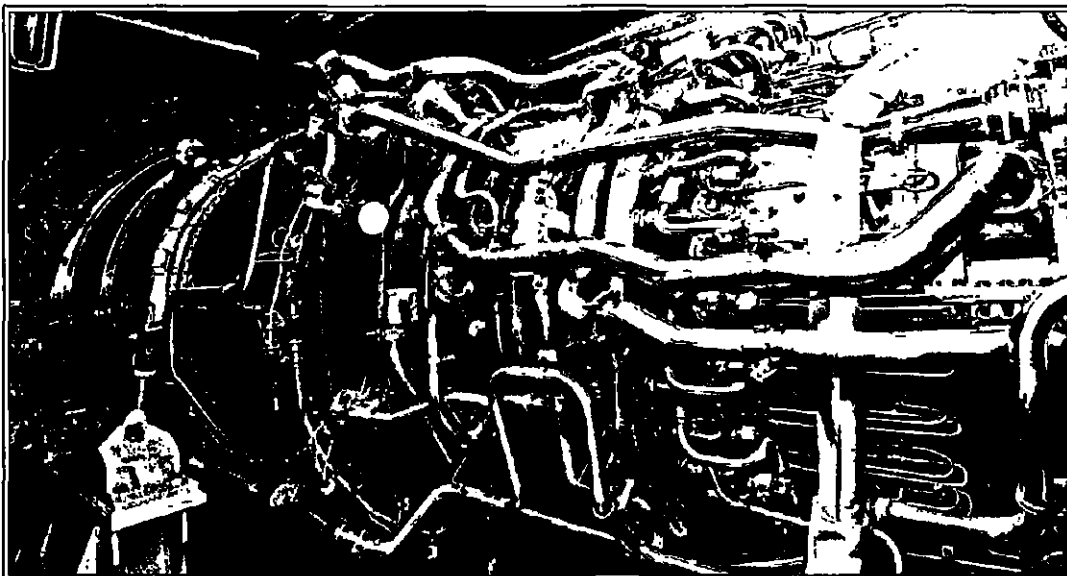
PLUMBING DIVISION

JAMES J. ARNOLD



The U.S. Army Corps of Engineers and the Sewerage & Water Board is storm-proofing Drainage Pumping Station No. 13 in Algiers so that it can remain operable during and immediately following tropical events. The work will strengthen the existing building, making it safer for S&WB employees that stay on site throughout all weather events. The \$16.5 million project will provide new power to make the station more independent of Entergy power. A new building will house two new diesel-driven generators. Other work adds storm rated windows, wind resistant doors and a new roof. The Corps is paying 100 per cent of the storm-proofing project's cost.

FINANCIAL SECTION



This specially-designed turbine will power a 15-megawatt generator being constructed by the U. S. Army Corps of Engineers. The generator will give the S&WB's Division of Pumping and Power the capability to improve the operation of its drainage, sewerage and water pumping systems in emergencies. The generator, funded 100% by the Corps, is part of a storm-proofing project for Orleans Parish. The project, located on the grounds of the Carrollton Water Purification Plant, will cost in excess of \$32 million. It is scheduled for completion by mid-2012.

INDEPENDENT AUDITORS' REPORT

Members of the Board Sewerage and Water Board of New Orleans:

We have audited the basic financial statements of the Sewerage and Water Board of New Orleans (the Board) as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These basic financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Board as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2012, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages II-3 through II-14 and the schedules of funding progress presented on pages II-56 and II-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's financial statements as a whole. The introductory section, Schedules 1 through 6, the Statistical Information section, and Supplementary Information section are presented for purposes of additional analysis and are not a required part of the financial statements. Schedules 1 through 6 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Statistical Information and Supplementary Information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink, reading "Robert H. Thwaiter". The signature is written in a cursive, flowing style.

New Orleans, Louisiana
April 25, 2012

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2011

This section of the Sewerage & Water Board of New Orleans' (the Board) annual financial report presents a discussion and analysis of the Board's financial performance during the fiscal year that ended December 31, 2011. Please read it in conjunction with the Board's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Recovery from Hurricane Katrina and the resulting flooding continued to be the most significant event to occur during 2011. Repairs to water, sewerage, and drainage systems, building repairs, and vehicle and equipment replacements continued throughout 2011.

Enterprise Fund

The major highlights in the Board's enterprise fund were as follows:

2011

- The Board's additions to its major systems approximated \$151.9 million.
- The SELA project which is a major upgrade to the drainage system by the Corps of Engineers resulted in additions of approximately \$39.6 million to work in progress during the year.
- Federal Emergency Management Agency (FEMA) Disaster Public Assistance grants expended totaled approximately \$39.5 million, of which approximately \$28.5 million were capital contributions and approximately \$11 million were for operating and maintenance expenses.

2010

- The Board's additions to its major systems approximated \$146.3 million.
- The SELA project which is a major upgrade to the drainage system by the Corps of Engineers resulted in additions of approximately \$32.6 million to work in progress during the year.
- Federal Emergency Management Agency (FEMA) Disaster Public Assistance grants expended totaled approximately \$17.3 million, of which approximately \$8.6 million were capital contributions and approximately \$8.7 million were for operating and maintenance expenses.

Pension Trust Fund

2011

The major highlight in the Board's pension trust fund was the financial performance in the stock market as compared to 2010. The appreciation of the fair market value of investments was \$7.7 million compared to \$19.2 million in 2010. The plan net assets available for benefits had a net increase of \$0.5 million to \$197 million in 2011.

2010

The major highlight in the Board's pension trust fund was the financial performance in the stock market as compared to 2009. The appreciation of the fair market value of investments was \$19.2 million compared to \$29.0 million in 2009. The plan net assets available for benefits increased to \$196.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of five parts: management's discussion and analysis (this section), the financial statements, the notes to the financial statements, required supplementary information, and other supplementary information.

Government-wide Financial Statements – Enterprise Fund

The Board's principal activities of providing water, sewerage, and drainages services are accounted for in a single proprietary fund – the enterprise fund. Enterprise funds are used to report business activities. Since the enterprise fund is the Board's single activity, its financial statements are presented as the Board's government-wide financial statements.

The financial statements provide both long-term and short-term information about the Board's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

The Board's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Assets. All assets and liabilities associated with the operation of the Board are included in the Statements of Net Assets.

The Statement of Net Assets reports the Board's net assets. Net assets - the difference between the Board's assets and liabilities - are one way to measure the Board's financial health or position.

Fund Financial Statements – Pension Trust Fund

The Board's fund financial statements consist of its pension trust fund. As a fiduciary fund, the pension trust fund is held for the benefit of employees and retirees of the Board. The pension trust fund is not reflected in the government-wide financials because the resources are not available to the Board for its activities. The accounting for the pension trust fund is much like that used by the enterprise fund.

FINANCIAL ANALYSIS OF THE BOARD

ENTERPRISE FUND

2011 Net Assets

The Board's total assets at December 31, 2011 were approximately \$2.0 billion, a 5.2% increase from December 31, 2010 (see Table A-1).

| Table A-1 | | | | |
|---|-------------------------|-------------------------|------------------------|------------------------|
| Sewerage & Water Board of New Orleans | | | | |
| Net Assets | | | | |
| | 2011 | 2010 | Increase (Decrease) | Increase (Decrease) |
| Current unrestricted assets | \$ 73,557,121 | \$ 91,222,163 | \$ (17,665,042) | -19.4% |
| Restricted assets | 124,217,838 | 114,918,876 | 9,298,962 | 8.1% |
| Property, plant and equipment - net | 1,819,352,046 | 1,710,459,837 | 108,892,209 | 6.4% |
| Other assets | 1,987,652 | 2,074,987 | (87,335) | -4.2% |
| Total assets | \$ 2,019,114,657 | \$ 1,918,675,863 | \$ 100,438,794 | 5.2% |
| Current liabilities | \$ 173,800,803 | \$ 154,772,029 | \$ 19,028,774 | 12.3% |
| Long-term liabilities | 348,127,496 | 358,959,646 | (10,832,150) | -3.0% |
| Total liabilities | 521,928,299 | 513,731,675 | 8,196,624 | 1.6% |
| Net assets | | | | |
| Invested in capital assets, net of related debt | 1,604,703,877 | 1,481,320,632 | 123,383,245 | 8.3% |
| Restricted | 33,137,542 | 32,774,880 | 362,662 | 1.1% |
| Unrestricted | (140,655,061) | (109,151,324) | (31,503,737) | 28.9% |
| Total net assets | 1,497,186,358 | 1,404,944,188 | 92,242,170 | 6.6% |
| Total liabilities and net assets | \$ 2,019,114,657 | \$ 1,918,675,863 | \$ 100,438,794 | 5.2% |

The net increase in total assets of \$100.4 million resulted primarily due to an increase in property, plant, and equipment of \$108.9 million, and an increase of \$9.3 million in restricted assets, of which includes an increase of \$8.7 million in investments restricted for capital projects. Total increase of \$118.2 million is offset by a decrease in current unrestricted assets of \$17.7 million, of which resulted primarily due to an decrease of \$7.8 million in grants receivable. Current liabilities increased by \$19.0 million primarily due to an increase of \$5.0 million in accounts payable and an increase of \$8.1 million in additional borrowing from the State of Louisiana. Furthermore, \$5.7 million of Debt Service Assistance Fund loan payable, which is payable in installments starting May 2012, has been reclassified from long-term liabilities to current liabilities. Long-term liabilities decreased by \$10.8 million primarily due to a decrease of \$15.3 million in bonds payable and a decrease of \$5.7 million in Debt Service Assistance Fund loan payable as described above, offset by an increase of \$7.6 million in other postretirement benefits liability.

2010 Net Assets

The Board's total assets at December 31, 2010 were approximately \$1.9 billion, a 4.2% increase from December 31, 2009 (see Table A-2).

| Table A-2 | | | | |
|---|-------------------------|-------------------------|------------------------|------------------------|
| Sewerage & Water Board of New Orleans | | | | |
| Net Assets | | | | |
| | 2010 | 2009 | Increase (Decrease) | Increase (Decrease) |
| Current unrestricted assets | \$ 91,222,163 | \$ 105,596,835 | \$ (14,374,672) | -13.6% |
| Restricted assets | 114,918,876 | 128,818,918 | (13,900,042) | -10.8% |
| Property, plant and equipment - net | 1,710,459,837 | 1,604,392,342 | 106,067,495 | 6.6% |
| Other assets | 2,074,987 | 2,174,276 | (99,289) | -4.6% |
| Total assets | \$ 1,918,675,863 | \$ 1,840,982,371 | \$ 77,693,492 | 4.2% |
| Current liabilities | \$ 154,772,029 | \$ 126,535,376 | \$ 28,236,653 | 22.3% |
| Long-term liabilities | 358,959,646 | 398,993,489 | (40,033,843) | -10.0% |
| Total liabilities | 513,731,675 | 525,528,865 | (11,797,190) | -2.2% |
| Net assets | | | | |
| Invested in capital assets, net of related debt | 1,481,320,632 | 1,367,130,463 | 114,190,169 | 8.4% |
| Restricted | 32,774,880 | 30,040,670 | 2,734,210 | 9.1% |
| Unrestricted | (109,151,324) | (81,717,627) | (27,433,697) | 33.6% |
| Total net assets | 1,404,944,188 | 1,315,453,506 | 89,490,682 | 6.8% |
| Total liabilities and net assets | \$ 1,918,675,863 | \$ 1,840,982,371 | \$ 77,693,492 | 4.2% |

The increase in total assets of \$77.7 million resulted primarily due to an increase in property, plant, and equipment of \$106.1 million, offset by a decrease in investments restricted for capital projects of \$12.1 million. Current liabilities increased by \$28.2 million due to additional borrowings under the Cooperative Endeavor Agreement with the State of Louisiana as described in Note 13 to the financial statements. Long-term liabilities decreased by \$40.0 million in 2010, as compared to 2009 due to the partial forgiveness of the Special Community Disaster Loan granted by the U.S. Department of Homeland Security in the amount of principal of \$36.8 million and accrued interest of \$4.6 million.

2011 Changes in Net Assets

The change in net assets for the year ended December 31, 2011 was an increase of approximately \$92.2 million, as opposed to an increase in net assets of approximately \$89.5 million for the year ended December 31, 2010. The Board's total operating revenues increased by 7.3% to approximately \$139.6 million, and total operating expenses decreased by 2.8% to approximately \$170.9 million. The changes in net assets are detailed in Table A-3; operating expenses are detailed in Table A-4.

| Table A-3 | | | | |
|---|------------------|------------------|------------------------|------------------------|
| Sewerage & Water Board of New Orleans | | | | |
| Revenues, Expenses and Change in Net Assets | | | | |
| | 2011 | 2010 | Increase (Decrease) | Increase (Decrease) |
| Operating revenues | | | | |
| Charges for services | \$ 131,006,460 | \$ 125,360,977 | \$ 5,645,483 | 4.5% |
| Other | 8,581,123 | 4,702,753 | 3,878,370 | 82.5% |
| Total operating revenues | 139,587,583 | 130,063,730 | 9,523,853 | 7.3% |
| Operating expenses (Table A-3) | 170,909,110 | 175,809,537 | (4,900,427) | -2.8% |
| Operating loss | (31,321,527) | (45,745,807) | 14,424,280 | 31.5% |
| Non-operating revenues | | | | |
| Property taxes | 39,232,254 | 36,550,476 | 2,681,778 | 7.3% |
| Other taxes | 316,079 | 333,795 | (17,716) | -5.3% |
| Operating and maintenance grants | 11,479,664 | 9,367,940 | 2,111,724 | 22.5% |
| Investment expense | (310,008) | (1,413,280) | 1,103,272 | -78.1% |
| Other non-operating income (expense) | - | 41,438,410 | (41,438,410) | 100.0% |
| Total non-operating revenues | 50,717,989 | 86,277,341 | (35,559,352) | -41.2% |
| Income before capital contributions | 19,396,462 | 40,531,534 | (21,135,072) | -52.1% |
| Capital contributions | 72,845,708 | 48,959,148 | 23,886,560 | 48.8% |
| Change in net assets | 92,242,170 | 89,490,682 | 2,751,488 | 3.1% |
| Net assets, beginning of year | 1,404,944,188 | 1,315,453,506 | 89,490,682 | 6.8% |
| Net assets, end of year | \$ 1,497,186,358 | \$ 1,404,944,188 | \$ 92,242,170 | 6.6% |

Capital contributions from federal grants and construction of Board property was approximately \$72.8 million resulting primarily from capital additions reimbursable under the FEMA Disaster Public Assistance grant of approximately \$33.2 million and approximately \$39.6 million of capital contributions by the Army Corps of Engineers. Operating and maintenance grants increased in 2011 to \$11.5 million due to operation and maintenance expenditures made during 2011 under the FEMA Disaster Public Assistance grant.

| Table A-4 | | | | |
|-----------------------------------|----------------|----------------|------------------------|------------------------|
| Sewerage & Water Board | | | | |
| Operating Expenses | | | | |
| | 2011 | 2010 | Increase (Decrease) | Increase (Decrease) |
| Power and pumping | \$ 11,787,614 | \$ 12,606,851 | \$ (819,237) | -6.5% |
| Treatment | 18,081,523 | 19,029,752 | (948,229) | -5.0% |
| Transmission and distribution | 27,216,035 | 15,915,361 | 11,300,674 | 71.0% |
| Customer accounts | 3,369,643 | 3,314,887 | 54,756 | 1.7% |
| Customer service | 3,320,100 | 3,386,338 | (66,238) | -2.0% |
| Administration and general | 16,054,154 | 16,060,032 | (5,878) | 0.0% |
| Payroll related | 34,770,439 | 33,616,025 | 1,154,414 | 3.4% |
| Maintenance of general plant | 25,185,237 | 28,457,226 | (3,271,989) | -11.5% |
| Depreciation | 34,772,279 | 35,216,611 | (444,332) | -1.3% |
| Amortization | 165,080 | 164,415 | 665 | 0.4% |
| Provision for doubtful accounts | 867,460 | 4,853,325 | (3,987,865) | -82.1% |
| Provision for (benefit of) claims | (4,680,454) | 3,186,714 | (7,867,168) | -246.9% |
| Total operating expenses | \$ 170,909,110 | \$ 175,809,537 | \$ (4,900,427) | -2.8% |

The increase in transmission and distribution expenses in 2011 of \$11.3 million or 71.0% is primarily due to an increase in operation and maintenance expenses of \$11.0 million under paving contracts. The decrease in maintenance of general plant in 2011 of \$3.3 million or 11.5% resulted primarily from additional repair and maintenance expenses incurred in 2010. Total maintenance of general plant is comparable to 2009's total of \$24.8 million. Provisions for doubtful accounts decreased by approximately \$4.0 million, or 82.1%, in 2011 as a result of lowered estimates on uncollectible balances and recovery of accounts that were written off in prior years. Provisions for claims decreased by \$7.9 million in 2011 as compared to 2010. Claims expense varies due to the number and severity of the claims during any period. The decrease is primarily due to a decrease in overall claims reserve at year-end in addition to claims payments made during 2011.

2010 Changes in Net Assets

The change in net assets for the year ended December 31, 2010 was an increase of approximately \$89.5 million, as opposed to an increase in net assets of approximately \$66.4 million for the year ended December 31, 2009. The Board's total operating revenues increased by 7.4% to approximately \$130.1 million, and total operating expenses increased 3.4% to approximately \$175.8 million. The changes in net assets are detailed in Table A-5; operating expenses are detailed in Table A-6.

| | 2010 | 2009 | Increase (Decrease) | Increase (Decrease) |
|--|-------------------------|-------------------------|--------------------------------|--------------------------------|
| Operating revenues: | | | | |
| Charges for services | \$ 125,360,977 | \$ 117,264,448 | \$ 8,096,529 | 6.9% |
| Other | 4,702,753 | 3,814,564 | 888,189 | 23.3% |
| Total operating revenues | 130,063,730 | 121,079,012 | 8,984,718 | 7.4% |
| Operating expenses (Table A-3) | 175,809,537 | 169,991,239 | 5,818,298 | 3.4% |
| Operating loss | (45,745,807) | (48,912,227) | 3,166,420 | 6.5% |
| Non-operating revenues | | | | |
| Property taxes | 36,550,476 | 36,198,099 | 352,377 | 1.0% |
| Other taxes | 333,795 | 371,006 | (37,211) | -10.0% |
| Operating and maintenance grants | 9,367,940 | 19,373,185 | (10,005,245) | -51.6% |
| Investment income (expense) | (1,413,280) | (880,830) | (532,450) | 60.4% |
| Other non-operating income (expense) | 41,438,410 | - | 41,438,410 | 100.0% |
| Total non-operating revenues | 86,277,341 | 55,061,460 | 31,215,881 | 56.7% |
| Income before capital contributions | 40,531,534 | 6,149,233 | 34,382,301 | 559.1% |
| Capital contributions | 48,959,148 | 60,298,230 | (11,339,082) | -18.8% |
| Change in net assets | 89,490,682 | 66,447,463 | 23,043,219 | 34.7% |
| Net assets, beginning of year | 1,315,453,506 | 1,249,006,043 | 66,447,463 | 5.3% |
| Net assets, end of year | \$ 1,404,944,188 | \$ 1,315,453,506 | \$ 89,490,682 | 6.8% |

Capital contributions from federal grants and construction of Board property was approximately \$49.0 million resulting primarily from capital additions reimbursable under the FEMA Disaster Public Assistance grant of approximately \$17.3 million and approximately \$32.7 million of capital contributions by the Army Corps of Engineers. Operating and maintenance grants decreased in 2010 to \$9.4 million due to the reimbursement in 2009 of expenses incurred from 2005 to 2009 for water and sewer system point repairs under the FEMA Disaster Public Assistance grant. Reimbursements in 2010 were for expenses incurred in 2009 and 2010.

| Table A-6 | | | | |
|---------------------------------|----------------|----------------|------------------------|------------------------|
| Sewerage & Water Board | | | | |
| Operating Expenses | | | | |
| | 2010 | 2009 | Increase (Decrease) | Increase (Decrease) |
| Power and pumping | \$ 12,606,851 | \$ 12,950,788 | \$ (343,937) | -2.7% |
| Treatment | 19,029,752 | 19,910,557 | (880,805) | -4.4% |
| Transmission and distribution | 15,915,361 | 21,466,523 | (5,551,162) | -25.9% |
| Customer accounts | 3,314,887 | 3,044,936 | 269,951 | 8.9% |
| Customer service | 3,386,338 | 3,417,239 | (30,901) | -0.9% |
| Administration and general | 16,060,032 | 13,504,125 | 2,555,907 | 18.9% |
| Payroll related | 33,616,025 | 35,085,953 | (1,469,928) | -4.2% |
| Maintenance of general plant | 28,457,226 | 24,828,902 | 3,628,324 | 14.6% |
| Depreciation | 35,216,611 | 34,692,627 | 523,984 | 1.5% |
| Amortization | 164,415 | 140,917 | 23,498 | 16.7% |
| Provision for doubtful accounts | 4,855,325 | 889,812 | 3,965,513 | 445.7% |
| Provision for claims | 3,186,714 | 58,860 | 3,127,854 | 5314.1% |
| Total operating expenses | \$ 175,809,537 | \$ 169,991,239 | \$ 5,818,298 | 3.4% |

The decrease in transmission and distribution expenses in 2010 of \$5.5 million or 25.9% is primarily due to a decrease in expenses under a paving contract. The increase in maintenance of general plant in 2010 of \$3.6 million or 14.6% resulted primarily from an increase in repairs and maintenance of plants. The increase in Administration and General in 2010 of \$2.6 million or 18.9% resulted primarily from an increase in insurance as well as an increase in the purchase of parts and materials. Provisions for doubtful accounts increased by approximately \$4.0 million, or 445.7%, in 2010 as a result of an increase in new closed accounts in 2010. Provision for claims increased by \$3.1 million in 2010 as compared to 2009. Claims expense varies due to the number and severity of the claims during any period. The increase is due primarily to an increase in reserves recognized during 2010 offset by claims payments made during 2010.

PENSION TRUST FUND

2011 Plan Net Assets

The Board's total plan net assets of its pension trust fund at December 31, 2011 was approximately \$197.0 million, a 0.2% increase from December 31, 2010 (see table A-7). Total assets increased 0.4% to \$206.1 million.

Plan net assets increased by approximately only \$0.5 million in 2011 primarily due to lower unrealized gains on investments of \$7.7 million in 2011 compared to \$19.2 million gain in 2010.

| Table A-7 | | | | |
|---------------------------------------|-----------------------|-----------------------|------------------------|------------------------|
| Sewerage & Water Board of New Orleans | | | | |
| Plan Net Assets | | | | |
| | 2011 | 2010 | Increase (Decrease) | Increase (Decrease) |
| Cash | \$ 1,493,734 | \$ 895,812 | \$ 597,922 | 66.7% |
| Investments | 203,410,658 | 204,209,292 | (798,634) | -0.4% |
| Receivables | 78,126 | 38,896 | 39,230 | 100.9% |
| Other assets | 1,111,238 | 96,285 | 1,014,953 | 1054.1% |
| Total assets | 206,093,756 | 205,240,285 | 853,471 | 0.4% |
| DROP participant payable | 9,121,044 | 8,752,101 | 368,943 | 4.2% |
| Total liabilities | 9,121,044 | 8,752,101 | 368,943 | -4.2% |
| Plan net assets | \$ 196,972,712 | \$ 196,488,184 | \$ 484,528 | 0.2% |

2010 Plan Net Assets

The Board's total plan net assets of its pension trust fund at December 31, 2010 was approximately \$196.5 million, a 6.3% increase from December 31, 2009 (see table A-8). Total assets increased 7.4% to \$205.2 million.

Plan net assets increased by \$11.7 million in 2010 primarily due to realized and unrealized gains on investments recognized in 2010.

| Table A-8 | | | | |
|---------------------------------------|-----------------------|-----------------------|------------------------|------------------------|
| Sewerage & Water Board of New Orleans | | | | |
| Plan Net Assets | | | | |
| | 2010 | 2009 | Increase (Decrease) | Increase (Decrease) |
| Cash | \$ 895,812 | \$ 764,400 | \$ 131,412 | 17.2% |
| Investments | 204,209,292 | 190,173,791 | 14,035,501 | 7.4% |
| Receivables | 38,896 | 38,703 | 193 | 0.5% |
| Other assets | 96,285 | 47,249 | 49,036 | 103.8% |
| Total assets | 205,240,285 | 191,024,143 | 14,216,142 | 7.4% |
| DROP participant payable | 8,752,101 | 6,247,599 | 2,504,502 | 40.1% |
| Total liabilities | 8,752,101 | 6,247,599 | 2,504,502 | -40.1% |
| Plan net assets | \$ 196,488,184 | \$ 184,776,544 | \$ 11,711,640 | 6.3% |

2011 Changes in Plan Net Assets

| Table A-9 | | | | |
|---------------------------------------|---------------------|---------------------|------------------------|------------------------|
| Sewerage & Water Board of New Orleans | | | | |
| Change in Plan Net Assets | | | | |
| | 2011 | 2010 | Increase (Decrease) | Increase (Decrease) |
| Additions: | | | | |
| Contributions | \$ 7,832,200 | \$ 7,186,335 | \$ 645,865 | 9.0% |
| Net income on investments | 8,599,418 | 19,934,929 | (11,335,511) | 56.9% |
| Total additions | 16,431,618 | 27,121,264 | (10,689,646) | -39.4% |
| Deductions: | | | | |
| Benefits | (11,712,037) | (11,461,132) | (250,905) | 2.2% |
| Employee refunds | (185,810) | (76,656) | (109,154) | 142.4% |
| Employee DROP contributions | (4,049,243) | (3,871,836) | (177,407) | 4.6% |
| Total deductions | (15,947,090) | (15,409,624) | (537,466) | 3.5% |
| Change in net assets | 484,528 | 11,711,640 | (11,227,112) | -95.9% |
| Plan net assets, beginning of year | 196,488,184 | 184,776,544 | 11,711,640 | 6.3% |
| Plan net assets, end of year | \$ 196,972,712 | \$ 196,488,184 | \$ 484,528 | 0.2% |

Net income on investments decreased by \$11.3 million or 56.9% during 2011 due to decreasing performance of the investment portfolio as compared to 2010. The increase in the change in plan net assets of \$0.5 million resulted primarily from a decrease in unrealized gains on investments compared to 2010 and increase of \$0.5 million in deductions in 2011.

2010 Changes in Plan Net Assets

| Table A-10 | | | | |
|---------------------------------------|---------------------|---------------------|------------------------|------------------------|
| Sewerage & Water Board of New Orleans | | | | |
| Change in Plan Net Assets | | | | |
| | 2010 | 2009 | Increase (Decrease) | Increase (Decrease) |
| Additions: | | | | |
| Contributions | \$ 7,186,335 | \$ 6,925,168 | \$ 261,167 | 3.8% |
| Net income on investments | 19,934,929 | 29,699,396 | (9,764,467) | 32.9% |
| Total additions | 27,121,264 | 36,624,564 | (9,503,300) | -25.9% |
| Deductions: | | | | |
| Benefits | (11,461,132) | (11,140,341) | (320,791) | 2.9% |
| Employee refunds | (76,656) | (85,524) | 8,868 | -10.4% |
| Employee DROP contributions | (3,871,836) | (3,006,011) | (865,825) | 28.8% |
| Total deductions | (15,409,624) | (14,231,876) | (1,177,748) | 8.3% |
| Change in net assets | 11,711,640 | 22,392,688 | (10,681,048) | -47.7% |
| Plan net assets, beginning of year | 184,776,544 | 162,383,856 | 22,392,688 | 13.8% |
| Plan net assets, end of year | \$ 196,488,184 | \$ 184,776,544 | \$ 11,711,640 | 6.3% |

Net income on investments decreased by \$9.8 million or 32.9% during 2010 due to decreasing performance in the stock market as compared to 2009. The decrease in the change in plan net assets of \$10.7 million resulted primarily from a decrease in unrealized gains on investments in 2010.

CAPITAL ASSET AND DEBT ADMINISTRATION

2011 Capital Assets

As of December 31, 2011, the Board had invested approximately \$2.53 billion in capital assets. Net of accumulated depreciation, the Board's net capital assets at December 31, 2011 totaled approximately \$1.82 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$108.9 million or 6.4% over December 31, 2010.

At December 31, 2011, the Board's budget for its ten year capital improvements program totaled approximately \$3.6 billion including \$813.4 million for water, \$551.7 million for sewerage and \$2.2 billion for drainage. Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures. As of December 31, 2011, the Board has committed or appropriated \$76.2 million in investments for use in future capital projects and has approximately \$176,000 of bond proceeds remaining for construction. The capital project investments are included in restricted assets.

The capital improvements budget for 2010 is \$1.6 billion, including \$67.4 million for projects which are expected to be funded by federal grants and programs. Significant projects included in property, plant and equipment in progress as of December 31, 2011 include the following:

Hurricane Katrina-related Repairs and Replacements
Southeast Louisiana Flood Control Program
Sewer System Sanitation Evaluation and Rehabilitation Program
Drainage Pumping Station #1
Eastbank Sewer Treatment Plant
Westbank Sewer Treatment Plant
Sodium Hypochlorite Bulk Storage/Feed Facility at the Main Water Purification Plant

See Note 4 for detailed capital asset activity during 2011.

2010 Capital Assets

As of December 31, 2010, the Board had invested approximately \$2.4 billion in capital assets. Net of accumulated depreciation, the Board's net capital assets at December 31, 2010 totaled approximately \$1.7 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$111.1 million or 6.9% over December 31, 2009.

At December 31, 2010, the Board's budget for its five year capital improvements program totaled approximately \$2.9 billion including \$303.9 million for water, \$446.7 million for sewerage and \$2.2 billion for drainage. Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures. As of December 31, 2010, the Board has committed or appropriated \$68.5 million in investments for use in future capital projects and has approximately \$206,000 of bond proceeds remaining for construction. The capital project investments are included in restricted assets.

The capital improvements budget for 2010 is \$1.6 billion, including \$66.6 million for projects which are expected to be funded by federal grants and programs. Significant projects included in property, plant and equipment in progress as of December 31, 2010 include the following:

Hurricane Katrina-related Repairs and Replacements
Southeast Louisiana Flood Control Program
Sewer System Sanitation Evaluation and Rehabilitation Program
Drainage Pumping Station #1
Eastbank Sewer Treatment Plant
Westbank Sewer Treatment Plant
Sodium Hypochlorite Bulk Storage/Feed Facility at the Main Water Purification Plant

See Note 4 for detailed capital asset activity during 2010.

2011 Debt Administration

The Board continues to make its regularly scheduled payments on its bonds. During 2011, \$15.4 million in principal payments were made.

The Louisiana Department of Health and Hospitals has committed to loan the Board up to \$3.4 million to fund the installation of a new sodium hypochlorite storage and feed facility as well as the installation of a new sludge line into the Mississippi River (project). The outstanding balance is \$1,503,834 at December 31, 2011.

The Louisiana Department of Environmental Quality has committed to loan the Board up to \$9 million to fund construction of sewerage treatment works, implementing a management program under Section 1329 of the Water Quality Act of 1987, and developing and implementing a conservation and management plan under Section 1330 of the Federal Act. The outstanding balance is \$98,375 at December 31, 2011.

See Note 6 for detailed long term debt activity during 2011.

2010 Debt Administration

The Board continues to make its regularly scheduled payments on its bonds. During 2010, \$14.6 million in principal payments were made.

In December 2010, the Board was granted a partial forgiveness of the Special Community Disaster Loan in the amount of \$36,790,000 of principal and \$4,648,410 of accrued interest. In addition, the Board was also granted a 5 year extension.

The Louisiana Department of Health and Hospitals has committed to loan the Board up to \$3.4 million to fund the installation of a new sodium hypochlorite storage and feed facility as well as the installation of a new sludge line into the Mississippi River (project). The outstanding balance is \$632,842 at December 31, 2010.

See Note 6 for detailed long term debt activity during 2010.

ECONOMIC FACTORS AND RATES

There are continued significant other revenues and expenses which impact the Board. State and federal grants related to the disaster are expected to have a significant impact on 2012 as in the past few years. Total FEMA debris removal, mitigation, and capital replacement grants are expected to exceed \$355 million. Of this amount, approximately \$301 million has been recognized through 2011. FEMA revenues will continue to be recognized as buildings, systems, and other reimbursable assets are repaired or replaced. In 2012, the Board will recognize additional portions of these revenues but much of the construction and replacement will not have been completed and the revenues although measurable may not be readily available due to the delays in actual receipts of FEMA funds.

On March 21, 2007, the Board approved a series of five annual water rate increases beginning with the first increase on November 1, 2007 followed by four additional increases to be implemented on July 1 of each year, 2008 through 2011. The New Orleans City Council approved the annual water rate increases on October 4, 2007. The last rate increase of 5% was in effect as of July 1, 2011. As of December 31, 2011, there are no further increases scheduled in the near future.

The Board of Directors of the Sewerage and Water Board of New Orleans authorized a comprehensive study of financial requirements in December 2009 and selected a consultant in April 2010 after failing to meet bond covenants for debt service coverage on water revenue bonds in 2008 and on sewer revenue bonds in 2009. The initial project findings and observations were developed by April 2011 and stakeholder meetings were held with board members, city finance department staff, former board members and city council members, and representatives from Bureau of Governmental Research and the Business Council during May through August 2011. The study was released in October 2011 and the Board of Directors of Sewerage and Water Board authorized and notified the City Council and Board of Liquidation in December 2011 of its intent to conduct public hearings about report findings and recommendations including a five-year program of rate changes.

Sewerage and Water Board of New Orleans held three public hearings between January 23 and January 30, 2012 to communicate the financial problems facing the Board, to communicate the plans to address those problems, and to receive feedback from citizens and businesses on solutions to the problems. The hearings were held in full compliance with R.S. 33:4096 (A)(2) and 33:4121 (a)(2) which call for three public hearings and notification in the official journal three times within the week prior to the hearings. Those statutes also provide for a twenty-day waiting period before any action is taken relative to adjustment rates. The Board of Directors will consider recommendations in 2012.

The number of open accounts has increased from approximately 121,000 at the end of 2005 to approximately 125,600 at the end of 2011, an increase of 3.8%. The number of open accounts decreased significantly in 2006 and 2007. However, the number of open accounts increased in 2010 by approximately 5,000 and increased by approximately 2,600 in 2011.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Sewerage & Water Board of New Orleans at (504) 585-2356.

BASIC FINANCIAL STATEMENTS

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SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF NET ASSETS
December 31, 2011 and 2010

| ASSETS | <u>2011</u> | <u>2010</u> |
|------------------------------------|-------------------------|-------------------------|
| Noncurrent assets | | |
| Property, plant and equipment | \$ 2,526,472,267 | \$ 2,385,612,966 |
| Less: accumulated depreciation | <u>707,120,221</u> | <u>675,153,129</u> |
| Property, plant and equipment, net | <u>1,819,352,046</u> | <u>1,710,459,837</u> |
| Other assets: | | |
| Bond issuance costs | 1,936,337 | 2,023,672 |
| Deposits | <u>51,315</u> | <u>51,315</u> |
| Total other assets | <u>1,987,652</u> | <u>2,074,987</u> |
| Total noncurrent assets | <u>1,821,339,698</u> | <u>1,712,534,824</u> |
| Current assets: | | |
| Unrestricted: | | |
| Cash | 16,159,335 | 17,833,292 |
| Accounts receivable: | | |
| Customers, net of allowance | 12,475,783 | 14,783,324 |
| Taxes | 6,895,232 | 9,555,454 |
| Interest | 115 | 6,983 |
| Grants | 26,572,959 | 34,745,678 |
| Miscellaneous | 2,707,930 | 3,242,477 |
| Inventory of supplies | 8,024,117 | 10,364,695 |
| Prepaid expenses | <u>721,650</u> | <u>690,260</u> |
| Total unrestricted | <u>73,557,121</u> | <u>91,222,163</u> |
| Restricted investments: | | |
| Capital projects | 76,150,163 | 68,513,088 |
| Construction funds | 175,768 | 205,792 |
| Debt service reserve | 33,137,542 | 32,774,880 |
| Customer deposits | 8,849,159 | 7,979,978 |
| Health insurance reserve | 5,350,225 | 5,233,138 |
| Other | <u>554,981</u> | <u>212,000</u> |
| Total restricted | <u>124,217,838</u> | <u>114,918,876</u> |
| Total current assets | <u>197,774,959</u> | <u>206,141,039</u> |
| Total assets | <u>\$ 2,019,114,657</u> | <u>\$ 1,918,675,863</u> |

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF NET ASSETS
December 31, 2011 and 2010
(Continued)

| NET ASSETS AND LIABILITIES | <u>2011</u> | <u>2010</u> |
|--|--------------------------------|--------------------------------|
| Net Assets: | | |
| Invested in capital assets, net of related debt | \$ 1,604,703,877 | \$ 1,481,320,632 |
| Restricted for debt service | 33,137,542 | 32,774,880 |
| Unrestricted | <u>(140,655,061)</u> | <u>(109,151,324)</u> |
| Total net assets | <u>1,497,186,358</u> | <u>1,404,944,188</u> |
| Long-term liabilities: | | |
| Claims payable | 2,861,441 | 4,302,369 |
| Net pension obligation | 8,888,332 | 4,976,053 |
| Other postretirement benefits liability | 40,781,954 | 33,069,087 |
| Bonds payable, net of current maturities | 198,674,937 | 213,984,997 |
| Special Community Disaster loan payable | 25,166,747 | 25,166,747 |
| Debt Service Assistance Fund loan payable, net of current maturities | <u>71,754,085</u> | <u>77,460,393</u> |
| Total long-term liabilities | <u>348,127,496</u> | <u>358,959,646</u> |
| Current liabilities (payable from current unrestricted assets): | | |
| Accounts payable | 41,212,632 | 36,228,266 |
| Due to City of New Orleans | 107,442 | 107,414 |
| Due to other governments (Note 13) | 67,894,157 | 59,819,408 |
| Retainers and estimates payable | 3,293,968 | 1,970,811 |
| Due to pension trust fund | 127,135 | 118,517 |
| Accrued salaries | 1,255,349 | 1,229,508 |
| Accrued vacation and sick pay | 10,265,830 | 10,268,334 |
| Claims payable | 12,040,040 | 16,727,962 |
| Debt Service Assistance Fund loan payable | 5,711,162 | - |
| Other liabilities | <u>3,719,226</u> | <u>2,955,625</u> |
| Total current liabilities (payable from current unrestricted assets): | <u>145,626,941</u> | <u>129,425,845</u> |
| Current liabilities (payable from current restricted assets): | | |
| Accrued interest | 2,534,988 | 941,137 |
| Bonds payable | 16,149,000 | 15,360,000 |
| Retainers and estimates payable | 640,715 | 1,065,069 |
| Customer deposits | <u>8,849,159</u> | <u>7,979,978</u> |
| Total current liabilities (payable from current restricted assets): | <u>28,173,862</u> | <u>25,346,184</u> |
| Total current liabilities | <u>173,800,803</u> | <u>154,772,029</u> |
| Total liabilities | <u>521,928,299</u> | <u>513,731,675</u> |
| Total net assets and liabilities | <u>\$ 2,019,114,657</u> | <u>\$ 1,918,675,863</u> |

See accompanying notes to financial statements

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the years ended December 31, 2011 and 2010

| | 2011 | 2010 |
|---|-------------------------|-------------------------|
| Operating revenues: | | |
| Sales of water and delinquent fees | \$ 59,890,312 | \$ 55,079,772 |
| Sewerage service charges | 70,358,076 | 69,534,779 |
| Plumbing inspection and license fees | 758,072 | 746,426 |
| Other revenue | 8,581,123 | 4,702,753 |
| Total operating revenues | 139,587,583 | 130,063,730 |
| Operating Expenses: | | |
| Power and pumping | 11,787,614 | 12,606,851 |
| Treatment | 18,081,523 | 19,029,752 |
| Transmission and distribution | 27,216,035 | 15,915,361 |
| Customer accounts | 3,369,643 | 3,314,887 |
| Customer service | 3,320,100 | 3,386,338 |
| Administration and general | 16,054,154 | 16,060,032 |
| Payroll related | 34,770,439 | 33,616,025 |
| Maintenance of general plant | 25,185,237 | 28,457,226 |
| Depreciation | 34,772,279 | 35,216,611 |
| Amortization | 165,080 | 164,415 |
| Provision for doubtful accounts | 867,460 | 4,855,325 |
| Provision for (benefit of) claims | (4,680,454) | 3,186,714 |
| Total operating expenses | 170,909,110 | 175,809,537 |
| Operating loss | (31,321,527) | (45,745,807) |
| Non-operating revenues (expenses): | | |
| Three-mill tax | 11,129,376 | 10,378,060 |
| Six-mill tax | 11,242,927 | 10,498,580 |
| Nine-mill tax | 16,855,081 | 15,672,791 |
| Two-mill tax | 4,870 | 1,045 |
| Other taxes | 316,079 | 333,795 |
| Operating and maintenance grants | 11,479,664 | 9,367,940 |
| Interest income | 426,870 | 274,323 |
| Interest expense | (736,878) | (1,687,603) |
| Forgiveness of Community Disaster Loan (Note 6) | - | 41,438,410 |
| Total non-operating revenues | 50,717,989 | 86,277,341 |
| Income before capital contributions | 19,396,462 | 40,531,534 |
| Capital contributions | 72,845,708 | 48,959,148 |
| Change in net assets | 92,242,170 | 89,490,682 |
| Net assets, beginning of year, as restated (Note 14) | 1,404,944,188 | 1,315,453,506 |
| Net assets, end of year | \$ 1,497,186,358 | \$ 1,404,944,188 |

See accompanying notes to financial statements

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF CASH FLOWS
ENTERPRISE FUND

For the years ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|----------------------|----------------------|
| Cash flows from operating activities | | |
| Cash received from customers | \$ 131,688,497 | \$ 121,465,940 |
| Cash payments to suppliers for goods and services | (64,804,326) | (58,645,437) |
| Cash payments to employees for services | (62,177,005) | (60,626,567) |
| Other revenue | <u>9,873,742</u> | <u>7,047,082</u> |
| Net cash provided by operating activities | <u>14,580,908</u> | <u>9,241,018</u> |
| Cash flows from noncapital financing activities | | |
| Proceeds from property taxes | 42,208,555 | 39,005,383 |
| Proceeds from federal operating and maintenance grants | 3,366,850 | 2,772,396 |
| Cash paid to an other government (Note 13) | <u>-</u> | <u>(2,998,836)</u> |
| Net cash provided by noncapital financing activities | <u>45,575,405</u> | <u>38,778,943</u> |
| Cash flows from capital and related financing activities | | |
| Acquisition and construction of capital assets | (127,102,736) | (132,535,540) |
| Principal payments on bonds payable | (15,360,000) | (14,605,000) |
| Proceeds from bonds payable | 994,367 | 632,842 |
| Proceeds from Debt Service Assistance Fund loan | 4,854 | - |
| Payments for bond issuance costs | (77,745) | (65,126) |
| Interest paid on bonds payable | (9,373,299) | (13,104,662) |
| Proceeds from construction fund, net (Note 13) | 8,074,749 | 33,829,380 |
| Capital contributed by developers and federal grants | <u>89,131,241</u> | <u>58,931,505</u> |
| Net cash used in capital and related financing activities | <u>(53,708,569)</u> | <u>(66,916,601)</u> |
| Cash flows from investing activities | | |
| Payments for purchase of investments | (1,060,300,624) | (940,970,805) |
| Proceeds from maturities of investments | 1,059,091,196 | 950,605,004 |
| Investment income | <u>308,080</u> | <u>241,879</u> |
| Net cash provided by (used in) investing activities | <u>(901,348)</u> | <u>9,876,078</u> |
| Net increase (decrease) in cash | 5,546,396 | (9,020,562) |
| Cash at the beginning of the year | <u>83,862,020</u> | <u>92,882,582</u> |
| Cash at the end of the year | <u>\$ 89,408,416</u> | <u>\$ 83,862,020</u> |
| Reconciliation of cash and restricted cash (Note 2) | | |
| Current assets - cash | \$ 16,159,335 | \$ 17,833,292 |
| Restricted assets -cash | <u>73,249,081</u> | <u>66,028,728</u> |
| Total cash | <u>\$ 89,408,416</u> | <u>\$ 83,862,020</u> |

(Continued)

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF CASH FLOWS
ENTERPRISE FUND**

For the years ended December 31, 2011 and 2010

(Continued)

| | <u>2011</u> | <u>2010</u> |
|--|----------------------|---------------------|
| Reconciliation of operating loss to net cash provided by (used in) operating activities is as follows: | | |
| Operating loss | \$ (31,321,527) | \$ (45,745,807) |
| Adjustments to reconcile net operating loss to net cash used in operating activities: | | |
| Depreciation | 34,772,279 | 35,216,611 |
| Provision for (benefit of) claims | (4,680,454) | 3,186,714 |
| Provision for doubtful accounts | 867,460 | 4,855,325 |
| Amortization | 165,080 | 164,415 |
| Change in operating assets and liabilities: | | |
| Decrease (increase) in customer receivables | 1,440,081 | (3,149,693) |
| Decrease in inventory | 2,340,578 | 2,211,569 |
| Decrease in prepaid expenses and other receivables | 503,157 | 1,598,701 |
| Increase in net pension obligation | 3,912,279 | 3,090,411 |
| Increase (decrease) in accounts payable | 285,521 | (162,966) |
| Increase in accrued salaries, due to pension and accrued vacation and sick pay | 31,955 | 413,435 |
| Increase in net other postretirement benefits liability | 7,712,867 | 8,595,026 |
| Decrease in other liabilities | (1,448,368) | (1,032,723) |
| Net cash provided by operating activities | <u>\$ 14,580,908</u> | <u>\$ 9,241,018</u> |

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF PLAN NET ASSETS
PENSION TRUST FUND
December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|------------------------------|------------------------------|
| Assets: | | |
| Cash | \$ 1,493,734 | \$ 895,812 |
| Receivables: | | |
| Investment income | 55,724 | 16,664 |
| Employee contributions receivable | 22,402 | 22,232 |
| Due from other fund | 1,111,238 | 96,285 |
| Investments: | | |
| Money market | 478,207 | 437,299 |
| LAMP | 9,156,807 | 8,131,637 |
| Debt securities | 73,055,847 | 70,950,030 |
| Hedge funds | 17,450,681 | - |
| Equities | <u>103,269,116</u> | <u>124,690,326</u> |
| Total assets | <u>206,093,756</u> | <u>205,240,285</u> |
| Liabilities: | | |
| DROP participants payable | <u>9,121,044</u> | <u>8,752,101</u> |
| Total liabilities | <u>9,121,044</u> | <u>8,752,101</u> |
| Net assets held in trust for pension benefits | <u><u>\$ 196,972,712</u></u> | <u><u>\$ 196,488,184</u></u> |

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
For the years ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|-----------------------|-----------------------|
| Additions: | | |
| Contributions: | | |
| Employee contributions | \$ 1,161,996 | \$ 1,190,714 |
| Employer contributions | 5,436,700 | 5,146,081 |
| City annuity and other transfers in | 1,233,504 | 849,540 |
| Total contributions | <u>7,832,200</u> | <u>7,186,335</u> |
| Investment income: | | |
| Interest income | 166,176 | 87,048 |
| Dividend income | 1,322,210 | 1,186,084 |
| Net appreciation | 7,697,583 | 19,206,614 |
| | <u>9,185,969</u> | <u>20,479,746</u> |
| Less: investment expense | <u>586,551</u> | <u>544,817</u> |
| Net investment income | <u>8,599,418</u> | <u>19,934,929</u> |
| Total additions | <u>16,431,618</u> | <u>27,121,264</u> |
| Deductions: | | |
| Benefits | (11,712,037) | (11,461,132) |
| Employee refunds | (185,810) | (76,656) |
| Employee contributions to DROP | (4,049,243) | (3,871,836) |
| Total deductions | <u>(15,947,090)</u> | <u>(15,409,624)</u> |
| Change in plan net assets | 484,528 | 11,711,640 |
| Net assets held in trust for pension benefits at beginning of year | <u>196,488,184</u> | <u>184,776,544</u> |
| Net assets held in trust for pension benefits at end of year | <u>\$ 196,972,712</u> | <u>\$ 196,488,184</u> |

See accompanying notes to financial statements.

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**NOTES TO
BASIC FINANCIAL STATEMENTS**

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

History and Organization

The major operation of the Sewerage and Water Board of New Orleans (the Board) is providing water, sewerage and drainage services for the City of New Orleans (the City). The Sewerage and Water Board of New Orleans was created by Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City's government to construct, maintain and operate a water treatment and distribution system and a public sanitary sewerage system for the City. In 1903, the Legislature gave the Board control of and responsibility for the City's major drainage system and relieved the City of the duty of providing in its annual operating budget or otherwise for the maintenance and operations of the water, sewerage and drainage systems.

In accordance with the Louisiana Revised Statutes (LRS) 33:4096 and 4121, the Board has the authority to establish the water and sewerage rates to charge to its customers. The rates are based on the actual water consumed and on the costs of maintenance and operation of the water and sewerage systems, including the costs of improvements and replacements. The collections of water and sewerage revenues are to be used by the Board for the maintenance and operation of the systems, the cost of improvements, betterments, and replacements and to provide for the payments of interest and principal on the bonds payable. On March 21, 2007, the Board approved a series of five annual water rate increases beginning with the first increase on November 1, 2007 followed by four additional increases to be implemented on July 1 of each year, 2008 through 2011. The New Orleans City Council approved the annual water rate increases on October 4, 2007.

The Board has also been given the authority to levy and collect various tax millages which are used for the operation and maintenance of the drainage operations. All excess revenues collected are made available for capital development of the system. The proceeds of the rate collections and tax millages are invested in such investments as authorized by the LRS. These investments are reflected in the combined statement of net assets, as "restricted assets," as they are restricted to the purposes as described above.

The Board is composed of thirteen members, including the Mayor of the City, one Council Members-at-Large, two District Council Members selected by the City Council, two members of the Board of Liquidation and seven citizens appointed by the Mayor. The appointed members of the Board serve staggered nine year terms.

The Board's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to utilities and to governmental units. The following is a summary of the more significant policies.

(A) Reporting Entity

In conformity with the Governmental Accounting Standards Board's definition of a reporting entity, the Board includes an enterprise fund and a pension trust fund for financial reporting purposes. The Board is considered a reporting entity based on the following criteria:

SEWERAGE AND WATER BOARD OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)

(1) Summary of Significant Accounting Policies (continued)

(A) Reporting Entity (continued)

- (a) Responsibility for surpluses/deficits. The Board is solely responsible for its surpluses/deficits. In accordance with Louisiana Revised Statutes, no other governmental unit is responsible for the Board's deficits or has a claim to its surpluses. The Board's operations are self-sustaining; revenues are generated through charges to customers and dedicated property taxes. Other than grants, no funding is received from the State of Louisiana or the City of New Orleans.
- (b) Budget Approval. The Board is solely responsible for reviewing, approving and revising its budget.
- (c) Responsibility for Debt. The Louisiana Revised Statutes authorize the Board to issue bonds; such bonds must bear on their face a statement that they do not constitute a debt of the City. The Board is solely responsible for payments to the bondholders. No other governmental unit is required by statute to make any payments to bondholders nor have any payments to bondholders ever been made by any governmental unit, except the Board.
- (d) Designation of Management. The Board controls the hiring of management and employees.
- (e) Special Financial Relationship. The Board has no special financial relationships with any other governmental unit.
- (f) Statutory Authority. The Board's statutory authority was created by the State of Louisiana as an independent governmental unit. Only an amendment to the state statutes can change or abolish the Board's authority.

The Board is a stand-alone entity as defined by Governmental Accounting Standards Board Statement 14, *The Financial Reporting Entity*. The Board is a legally-separate governmental organization that does not have a separately elected governing body and does not meet the definition of a component unit. As a result of a Louisiana Supreme Court decision on March 21, 1994, the Board was declared to be an autonomous or self-governing legal entity, legally independent of the City, State and other governments, created and organized pursuant to Louisiana Revised Statutes 33:4071 as a board, separate and independent of the governing authorities of the City and vested with autonomous or self governing authority. No other government can mandate actions of the Board nor impose specific financial burdens. The Board is fiscally independent to operate under its bond covenant and the provisions of Louisiana Revised Statute provisions

The City of New Orleans includes the Board as a component unit in the City's financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(1) Summary of Significant Accounting Policies (continued)

(B) Basis of Financial Statement Presentation

The Board's basic financial statements consist of the government-wide statements which include the proprietary fund (the enterprise fund) and the fund financial statements which includes the fiduciary fund (the pension trust fund). The operations of the Board are accounted for in the following fund types:

Proprietary Fund Type

The proprietary fund is used to account for the Board's ongoing operations and activities which are similar to those often found in the private sector. The proprietary fund is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. Net assets are segregated into amounts invested in capital assets (net of related debt), restricted for debt service, restricted for capital projects and unrestricted. The Board's restricted assets are expendable for their purposes. The Board utilizes available unrestricted assets before utilizing restricted assets. The operating statements present increases (revenues) and decreases (expenses) in net assets. The Board maintains one proprietary fund type – the enterprise fund. The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance. The presentation of the financial statements of the enterprise fund follows the format recommended by the National Association of Regulatory Utility Commissioners (NARUC).

The statement of net assets arrangement for a utility reflects the relative importance of the various accounts. "Property, plant and equipment" is the first major category on the asset side, and long-term capitalization categories of net assets are listed first on the liability side. Current assets and current liabilities are assigned a relatively less important position in the center of the statement of net assets, rather than being placed first as in the statement of net assets of commercial and industrial enterprises.

Operating revenues include all charges for service; other revenues include reconnection fees and other miscellaneous charges. Operating expenses include the costs associated with providing water, sewerage and drainage services. Interest income, interest expense and tax revenues are presented as non-operating items.

The enterprise fund is presented in the government-wide financial statements

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(1) Summary of Significant Accounting Policies (continued)

(B) Basis of Financial Statement Presentation (continued)

Fiduciary Fund Type

The fiduciary fund is used to account for assets held by the Board in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The Board maintains one fiduciary fund type - the pension trust fund. The pension trust fund uses the flow of economic resources measurement focus. All assets and liabilities associated with the operation of this fund are included in the statement of plan net assets. The pension trust fund is used to account for the activity of the Board's employee retirement plan.

The pension trust fund is presented in the fund financial statements.

The Board applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting for its enterprise fund and pension trust fund operations unless those pronouncements conflict with or contradict GASB pronouncements.

(C) Basis of Accounting

The enterprise fund and the pension trust fund prepare their financial statements on the accrual basis of accounting. Unbilled utility service charges are not recorded as management considers the effect of not recording such unbilled receivables as not material. Property taxes are recorded as revenue in the year for which they are levied. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the pension plan are recognized when due and the employer has made a commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

(D) Investments

Investments are reported at fair value, except for short-term investments (maturity of one year or less) which are reported at amortized cost, which approximates fair value. Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. All investment income including changes in the fair value of the investments is recognized in the Statements of Revenues, Expenses, and Changes in Net Assets.

(E) Inventory of Supplies

Inventory is valued at the lower of cost or market. Cost is determined by weighted average cost method.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(1) Summary of Significant Accounting Policies (continued)

(F) Vacation and Sick Pay

Vacation (annual leave) and sick pay (sick leave) are accrued when earned. Annual leave is accrued at the rate of .6923 of a workday for each bi-weekly accrual period for all employees on the payroll as of December 31, 1978. Employees hired after that date earn leave at a rate of .5 of a workday per bi-weekly pay period.

All employees on the payroll as of December 31, 1978 receive three bonus days each year; all employees hired after that date receive three bonus days each year for five through nine calendar years of continuous service, six bonus days each year for ten through fourteen years; nine bonus days each year for fifteen through nineteen years; and, twelve days for twenty or more years of continuous service. Civil Service's policy permits employees a limited amount of earned but unused annual leave which will be paid to employees upon separation from the Board. The amount shall not exceed ninety days for employees hired before January 1, 1979, and forty-five days for employees hired after December 31, 1978.

Sick leave is accumulated on a bi-weekly basis by all employees hired prior to December 31, 1978 at an accrual rate of .923 of a workday. For employees hired subsequent to December 31, 1978, the accrual rate is .5 of a workday for each bi-weekly period, plus a two day bonus each year for employees with six through fifteen calendar years of continuous service, and seven bonus days each year for employees with sixteen or more calendar years of continuous service.

Upon separation from the Board, an employee can elect to convert unused sick leave for retirement credits or cash. The conversion to cash is determined by a rate ranging from one day of pay for five days of leave for the 1st through 100th leave day to one day of pay for one day of leave for all days in excess of the 400th leave day. The total liability for unconverted sick leave as of December 31, 2011 and 2010 is approximately \$14,348,000 and \$14,300,000, respectively. The amount included in the statements of net assets as of December 31, 2011 and 2010 is \$10,265,830 and \$10,268,334, respectively, which represents the annual leave and the converted sick leave since virtually all employees convert their sick leave to cash. The amounts for compensated absences include the salary cost as well as certain salary related costs, such as the Board's share of social security expense. The following table summarizes changes in the Board's vacation and sick pay liability.

| Year | Beginning of Year Liability | Current Year Earned and Changes in Estimate | Payments | End of Year Liability |
|------|--------------------------------|---|----------------|--------------------------|
| 2011 | \$ 10,268,334 | \$ 3,210,423 | \$ (3,212,927) | \$ 10,265,830 |
| 2010 | \$ 10,048,113 | \$ 3,676,970 | \$ (3,456,749) | \$ 10,268,334 |

(G) Property, Plant and Equipment

Property, plant and equipment are carried at historical cost. The Board capitalizes moveable equipment with a value of \$10,000 or greater, stationary, network and other equipment with a value of \$5,000 or greater and all real estate. The cost of additions includes contracted work, direct labor, materials and allocable cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(I) Summary of Significant Accounting Policies (continued)

(G) Property, Plant and Equipment (continued)

Interest is capitalized on property, plant and equipment acquired and/or constructed with tax exempt debt. Depreciation is computed using the straight-line method over the estimated useful life of the asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue for the period. The cost of maintenance and repairs is charged to operations as incurred and significant renewals and betterments are capitalized. Deductions are made for retirements resulting from renewals or betterments.

(H) Pension

The Board may fund all or part of the accrued pension cost, depending on the resources that are available at the time of contribution, for its contributory pension plan which covers substantially all employees. Annual costs are actuarially computed using the entry age normal cost method.

(I) Drainage System

In 1903, the Legislature gave the Board control of and responsibility for the City's drainage system. The Drainage System was established as a department of the enterprise fund to account for the revenues from three-mill, six-mill and nine-mill ad valorem taxes designated exclusively for drainage services. These revenues have been supplemented by inspection and license fees collected by the Board. There exists a potential for additional financing by additional user service charges. Expenditures from the system are for the debt service of three-mill, six-mill and nine-mill tax bonds and drainage related operation, maintenance and construction.

(J) Self-Insurance/Risk Management

The Board is self-insured for general liability, workers' compensation, unemployment compensation and hospitalization benefits and claims. The accrued liability for the various types of claims represents an estimate by management of the eventual loss on the claims arising prior to year-end, including claims incurred and not yet reported including estimates of both future payments of losses and related claims adjustment and expense. Estimated expenses and recoveries are based on a case by case review.

(K) Capital Contributions

Contributions from developers and others, and receipts of Federal, State and City grants for acquisition of property, plant and equipment are recorded as capital contributions in the statement of revenues, expenses and changes in net assets.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(L) Bond Issuance Costs and Refinancing Gains (Losses)

Costs related to issuing bonds are capitalized and amortized based upon the methods used to approximate the interest method over the life of the bonds. Beginning with fiscal years in 1994 and thereafter, gains and losses associated with refundings and advance refundings are being deferred and amortized based upon the methods used to approximate the interest method over the life of the new bonds or the remaining term on any refunded bond, whichever is shorter. Premiums associated with bond issues are amortized over the interest yield method.

(M) Cash Flows

For purposes of the statement of cash flows, only cash on hand and on deposit at financial institutions is considered to be cash equivalents. Certificates of deposits, treasury bills and other securities are considered investments.

(N) Use of Restricted Assets

When restricted and unrestricted resources are available to cover expenses, unrestricted resources are first applied.

(O) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

(P) Net Assets

The Board classifies net assets into three components: invested in capital assets, net of related debt, restricted, and unrestricted. These components are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in this component of net assets. Rather, that portion of debt is included in the same component of net assets as the unspent proceeds.

Restricted – This component reports those net assets with externally imposed constraints placed on their use by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component reports net assets that do not meet the definition of either of the other two components.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(2) Cash and Investments

The Board's investments and cash consist primarily of investments in direct obligations of the United States or agencies thereof and deposits with financial institutions.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Statutes require that the Board's cash and certificates of deposit be covered by federal depository insurance or collateral. At December 31, 2011, the Board's interest bearing deposits with banks consisted of cash and money market funds totaling \$138,982,459 and certificates of deposit of \$272,516. At December 31, 2010, the Board's interest bearing deposits with banks consisted of cash and money market funds totaling \$116,491,304 and certificates of deposit of \$10,108,266. The Board's cash bank balances and all certificates of deposit for 2011 and 2010 were covered by federal depository insurance or collateral held by custodial agents of the financial institutions in the name of the Board.

In accordance with GASB 40, unless there is information to the contrary, obligations of the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality.

The following are the components of the Board's cash and investments as of December 31 for the Enterprise Fund:

| <u>2011</u> | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|--|---------------------|-------------------|----------------|
| Enterprise Fund: | | | |
| Cash and money market funds | \$ 16,159,335 | \$ 117,940,184 | \$ 134,099,519 |
| Certificates of deposit | - | 270,652 | 270,652 |
| | 16,159,335 | 118,210,836 | 134,370,171 |
| Investments | - | 6,007,002 | 6,007,002 |
| Total cash and investments at fair value | \$ 16,159,335 | \$ 124,217,838 | \$ 140,377,173 |

| <u>2010</u> | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|--|---------------------|-------------------|----------------|
| Enterprise Fund: | | | |
| Cash and money market funds | \$ 17,833,292 | \$ 98,803,608 | \$ 116,636,900 |
| Certificates of deposit | - | 10,108,266 | 10,108,266 |
| | 17,833,292 | 108,911,874 | 126,745,166 |
| Investments | - | 6,007,002 | 6,007,002 |
| Total cash and investments at fair value | \$ 17,833,292 | \$ 114,918,876 | \$ 132,752,168 |

The composition and carrying value of investments is as follows:

| | <u>2011</u> | <u>2010</u> |
|------------------|--------------|--------------|
| Enterprise Fund: | | |
| LAMP | \$ 6,007,002 | \$ 6,007,002 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(2) Cash and Investments (continued)

| | <u>2011</u> | <u>2010</u> |
|---------------------|-----------------------|-----------------------|
| Pension Trust Fund: | | |
| Money market | \$ 478,207 | \$ 437,299 |
| LAMP | 9,156,807 | 8,131,637 |
| Debt Securities | 73,055,847 | 70,950,030 |
| Hedge funds | 17,450,681 | - |
| Equities | <u>103,269,116</u> | <u>124,690,326</u> |
| | <u>\$ 203,410,658</u> | <u>\$ 204,209,292</u> |

Investments - Statutes authorize the Board to invest in obligations of the U S Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poors Corporation or P-1 by Moody's Commercial Paper Record, repurchase agreements, and the Louisiana Asset Management Pool (LAMP). In addition, the pension trust fund is authorized to invest in corporate bonds rated BBB or better by Standard & Poors Corporation or Baa or better by Moody's Investors Service, and equity securities.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to provide immediate access to participants. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value and the value of the position in the external investment pool is the same as the net asset value of the pool shares. For purposes of determining participants' shares, investments are valued at amortized cost. LAMP is subject to the regulatory oversight of the state treasurer and LAMP's board of directors. LAMP is not registered with the SEC as an investment company.

Under the provisions of its benefit plan and state law, the Board's pension benefit trust engages in securities lending to broker dealers and other entities for cash collateral that will be returned for the same securities in the future. The cash collateral cannot be liquidated by the Board unless the borrower defaults. Cash collateral is initially pledged at 102.49% of the market value of securities lent and additional collateral is provided by the next business day if the value falls to less than 100% of the market value of the securities lent. No collateral exposure existed at December 31, 2011 and 2010. The value of securities lent at December 31, 2011 and 2010 was \$40,805,211 and \$45,870,932, respectively. The market value of the cash collateral at December 31, 2011 and 2010 was \$41,206,879 and \$46,998,662, respectively.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(2) Cash and Investments (continued)

Credit Risk - State law limits investments in securities issued, or backed by United States Treasury obligations, and U.S. Government instrumentalities, which are federally sponsored. The Board's investment policy does not further limit its investment choices. LAMP is rated AAA by Standard & Poor's. The Pension Trust Fund's investment policy requires that fixed income investments be investment grade (BBB or higher as rated by Standard & Poor's or Baa or higher as rated by Moody's). Bonds rated below BBB/Baa are not to exceed 15% of the portfolio and non-rated bonds are not to exceed 1% of the portfolio.

Following are the credit risk ratings of the pension trust fund's investments in debt securities as of December 31, 2011:

| Rating | Corporate Bonds | Foreign Government Bonds | Government Bonds and U.S. Treasury Notes | Other | Total | Percentage of Total |
|--------------|----------------------|--------------------------|--|---------------------|----------------------|---------------------|
| AAA | 6,159 | 9,799,877 | 16,416,370 | 3,472,025 | \$ 29,694,431 | 40.65% |
| AA+ | 190,229 | 72,714 | 237,116 | 63,228 | 563,287 | 0.77% |
| AA | - | 8,336 | 20,466,793 | 690,232 | 21,165,361 | 28.97% |
| AA- | 122,283 | 2,891 | 23,046 | 28,261 | 176,481 | 0.24% |
| A+ | 402,411 | 62,284 | 18,874 | 104,452 | 588,021 | 0.80% |
| A | 1,052,319 | 97,250 | 6,507 | 243,964 | 1,400,040 | 1.92% |
| A- | 2,461,801 | 19,271 | 23,940 | 41,771 | 2,546,783 | 3.49% |
| BBB+ | 2,059,547 | 5,389 | - | 265,625 | 2,330,561 | 3.19% |
| BBB | 3,880,999 | 597,460 | - | 386,988 | 4,865,447 | 6.66% |
| BBB- | 2,647,619 | 117,978 | - | 172,845 | 2,938,442 | 4.02% |
| BB+ | 978,560 | 133,763 | 109,369 | 24,884 | 1,246,576 | 1.71% |
| BB | 630,526 | 271,238 | 106,538 | 211,782 | 1,220,084 | 1.67% |
| BB- | 517,220 | 76,420 | - | 44,006 | 637,646 | 0.87% |
| B+ | 416,418 | 366,083 | 1,242 | 37,301 | 821,044 | 1.12% |
| B | 386,728 | 108,271 | 8,295 | 125,045 | 628,339 | 0.86% |
| B- | 266,278 | 49,478 | - | 84,088 | 399,844 | 0.55% |
| CCC+ | 178,648 | - | 50,711 | 46,837 | 276,196 | 0.38% |
| CCC | 44,487 | - | 35,960 | 111,478 | 191,925 | 0.26% |
| CCC- | 9,567 | - | - | 148,756 | 158,323 | 0.22% |
| CC | 2,179 | - | - | 20,801 | 22,980 | 0.03% |
| C | - | - | - | 16,213 | 16,213 | 0.02% |
| D | - | - | 14,602 | 86,132 | 100,734 | 0.14% |
| Not Rated | 99,589 | 262,783 | 74,751 | 629,966 | 1,067,089 | 1.46% |
| Total | \$ 16,353,567 | \$ 12,051,486 | \$ 37,594,114 | \$ 7,056,680 | \$ 73,055,847 | 100.00% |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(2) Cash and Investments (continued)

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Board has a formal investment policy that states that the investment portfolio shall remain sufficiently liquid to meet all operating and capital requirements that may be reasonably anticipated and that maturities of investments are to be structured concurrent with cash needs to meet anticipated demand.

As of December 31, 2011, the pension trust fund had the following investments in debt securities and maturities:

| Investment Type | Duration | | | | | Total |
|--|---------------------|----------------------|----------------------|-----------------------|------------------------|----------------------|
| | Less Than 1 Year | 1 - 5 Years | 6 - 10 Years | Greater Than 10 Years | Duration Not Available | |
| Corporate Bonds | \$ 721,618 | \$ 8,023,780 | \$ 5,869,043 | \$ 1,717,753 | \$ 21,373 | \$ 16,353,567 |
| Foreign Government Bonds | 796,396 | 2,849,951 | 2,995,207 | 5,409,932 | - | 12,051,486 |
| Government Bonds and U.S. Treasury Notes | 3,132,683 | 22,000,038 | 5,194,764 | 7,265,188 | 1,441 | 37,594,114 |
| Other | 2,409,002 | 3,325,146 | 245,887 | 474,501 | 602,144 | 7,056,680 |
| Total | <u>\$ 7,059,699</u> | <u>\$ 36,198,915</u> | <u>\$ 14,304,901</u> | <u>\$ 14,867,374</u> | <u>\$ 624,958</u> | <u>\$ 73,055,847</u> |

(3) Defined Benefit Pension Plan

The Board has a single-employer contributory retirement plan covering all full-time employees, the Pension Trust Fund (PTF). The Board's payroll for current employees covered by the PTF for the years ended December 31, 2011 and 2010 was \$29,774,937 and \$29,670,378, respectively; such amounts exclude overtime and standby payroll. Total payroll, including overtime and standby payroll, was \$44,768,936 and \$44,341,167 for the years ended December 31, 2011 and 2010, respectively. At December 31, the PTF membership consisted of:

| | 2011 | 2010 |
|--|--------------|--------------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 822 | 791 |
| Current employees: | | |
| Vested | 519 | 526 |
| Non-vested | 333 | 302 |
| | <u>852</u> | <u>828</u> |
| Total | <u>1,674</u> | <u>1,619</u> |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(3) Defined Benefit Pension Plan (continued)

The benefit provisions were established by action of the Board in 1956 in accordance with Louisiana statutes. The Board retains exclusive control over the plan through the Pension Committee of the PTF. Effective January 1, 1996, the plan became qualified under Internal Revenue Code Section 401(a) and thus is tax exempt.

The plan provides for retirement benefits as well as death and disability benefits. All benefits vest after ten years of service. Employees who retire at or after age sixty-five with ten years of credited service are entitled to an annual retirement benefit, payable biweekly for life, in an amount equal to two percent of their average compensation for each year of credited service up to ten years, increasing by (1) one-half percent per year for service years over ten years, (2) an additional one-half percent per year for service years over twenty years and (3) an additional one percent per year for service years over thirty years, for a maximum of four percent for each year of credited service. Average compensation is the average annual earned compensation (prior to 2002, less \$1,200) for the period of thirty-six successive months of service during which the employee's compensation was the highest. Employees with thirty years or more of credited service may retire without a reduction in benefits. Employees may retire prior to age sixty-two without thirty years of service with a reduction in benefits of three percent for each year of age below the age of sixty-two. If an employee leaves covered employment or dies before three years of credited service, the accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary.

The retirement allowance for retirees over age sixty-two is subject to a cost of living adjustment each January 1, provided that the member retired on or after January 1, 1984. The adjustment is based on the increase in the Consumer Price Index for all urban wage earners published by the U.S. Department of Labor, but is limited to an annual maximum of two percent on the first \$10,000 of initial retirement benefits.

Effective September 23, 1993, employers may transfer credit between the Board's plan and the City of New Orleans' retirement system with full credit for vested service. The Board and its employees are obligated under plan provisions to make all required contributions to the plan. The required contributions are actuarially determined. Level percentage of payroll employer contribution rates is determined using the entry age normal actuarial funding method. Employees are required to contribute four percent of their regular salaries or wages.

The Board had attained full funding of the actuarially computed pension liability in 2000. Effective June 19, 2002, however, as a result of the adoption of several plan changes in accordance with the Board's reciprocity agreement with the City of New Orleans, the plan became unfunded. These changes impacted the plan's funding requirements by \$20,333,835, which is being amortized over a 10 year period. Key changes adopted included: (a) amendment to benefit formula; (b) adoption of a "Rule of 80" retirement, (c) change in the years of service required for a terminating employee to qualify for a later separation benefit from 10 years to 5 years, and (d) elimination of the exclusion of the first \$1,200 of earnings from benefits and contributions. At December 31, 2011, the actuarially computed pension liability is unfunded by \$56,371,618.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(3) Defined Benefit Pension Plan (continued)

The annual required contribution for the current year was determined as part of the December 31, 2011 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increase of 5.0% per year. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of assets was determined using a seven-year weighted market average.

The Board's net pension liability for the years ended December 31 was as follows:

| | <u>2011</u> | <u>2010</u> |
|---|---------------------|---------------------|
| Annual required contribution | \$ 9,815,606 | \$ 8,358,739 |
| Interest on net pension obligation | 348,324 | 131,995 |
| Adjustments to annual required contribution | <u>(686,715)</u> | <u>(260,226)</u> |
| Annual pension cost | 9,477,215 | 8,230,508 |
| Contributions made | <u>(5,564,936)</u> | <u>(5,140,097)</u> |
| Increase in net pension liability | 3,912,279 | 3,090,411 |
| Net pension liability, beginning of year | <u>4,976,053</u> | <u>1,885,642</u> |
| Net pension liability, end of year | <u>\$ 8,888,332</u> | <u>\$ 4,976,053</u> |

The net pension liability is being amortized over 10 years as of December 31, 2011, using the level dollar closed method and using the same interest, salary increase and inflation factors as the plan.

Trend information for Board and employee contributions is as follows:

| | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension (Liability) Asset</u> |
|---------------------|--|--|--|
| Fiscal year ending: | | | |
| December 31, 2011 | \$ 9,477,215 | 59% | \$ (8,888,332) |
| December 31, 2010 | \$ 8,230,508 | 62% | \$ (4,976,053) |
| December 31, 2009 | \$ 7,629,267 | 68% | \$ (1,885,642) |

The actuarially determined contribution requirement for the Board was 32.966% for 2011 and 28.172% for 2010. The contribution requirement for employees is 4.0%. The actual Board's and employees' contributions (including contributions for transferred employees from other pension plans) for the years ended December 31 were as follows:

| | <u>2011</u> | <u>2010</u> |
|------------------------------|---------------------|---------------------|
| Employer and other transfers | \$ 6,670,204 | \$ 5,995,621 |
| Employee | <u>1,161,996</u> | <u>1,190,714</u> |
| Total contributions | <u>\$ 7,832,200</u> | <u>\$ 7,186,335</u> |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)

(3) Defined Benefit Pension Plan (continued)

Funded Status and Funding Progress

The funded status of the Plan as of December 31, 2011 and 2010, respectively, is based on the most recent actuarial valuation as follows:

| Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|----------------|---------------------------|-----------------------------------|---|--------------|-----------------|---|
| 2011 | \$ 229,137,699 | \$ 285,509,317 | \$ 56,371,618 | 80.26% | \$ 29,774,937 | 189.55% |
| 2010 | \$ 230,298,898 | \$ 277,273,632 | \$ 46,974,734 | 83.06% | \$ 29,670,378 | 158.32% |

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

DROP

Beginning in 1996, the Board offered employees a "Deferred Retirement Option Plan" (DROP), an optional retirement program which allows an employee to elect to freeze his or her retirement benefits, but continue to work and draw a salary for a minimum period of one year to a maximum period of five years. While continuing employment, the retirement benefits are segregated from overall plan assets available to other participants. As of December 31, 2011 and 2010, 133 and 131 employees, respectively, participated in the plan. The amount of plan assets segregated for these individuals was \$9,121,044 and \$8,752,101 as of December 31, 2011 and 2010, respectively.

A separate report on the pension trust fund is not issued.

(4) Property, Plant and Equipment

The useful lives of property, plant and equipment consisted of the following:

| | |
|--|-----------------|
| Power and pumping stations - buildings | 57 years |
| Power and pumping stations - machinery | 40 years |
| Distribution systems | 75 years |
| Sewerage collection | 75 years |
| Canals and subsurface drains | 75 to 100 years |
| Treatment plants | 50 years |
| Connections and meters | 50 years |
| Power transmission | 50 years |
| General plant | 12 years |
| General buildings | 25 years |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)

(4) Property, Plant and Equipment (continued)

Property, plant and equipment consisted of the following as of December 31:

| Cost | 2011 | | | |
|---|----------------------|----------------|-----------------|-------------------|
| | Beginning Balance | Additions | Deletions | Ending Balance |
| Real estate rights, non depreciable | \$ 9,425,978 | \$ 1,486 | \$ - | \$ 9,427,464 |
| Power and pumping stations - buildings | 331,021,168 | 2,259,374 | - | 333,280,542 |
| Power and pumping stations - machinery | 242,771,848 | 756,768 | - | 243,528,616 |
| Distribution systems | 125,323,381 | 43,552 | (738,245) | 124,628,688 |
| Sewerage collection | 329,292,709 | 17,344,273 | (1,970,102) | 344,666,880 |
| Canals and subsurface drainage | 318,060,376 | 1,223,097 | - | 319,283,473 |
| Treatment plants | 139,681,699 | 195,347 | - | 139,877,046 |
| Connections and meters | 46,426,256 | 1,951,838 | (81,254) | 48,296,840 |
| Power transmission | 23,607,668 | - | - | 23,607,668 |
| General plant | 201,908,791 | - | (15,586) | 201,893,205 |
| General buildings | 7,586,547 | - | - | 7,586,547 |
| Total property, plant and equipment in service | 1,775,106,421 | 23,775,735 | (2,805,187) | 1,796,076,969 |
| Construction in progress | 610,506,545 | 143,664,488 | (23,775,735) | 730,395,298 |
| Total property, plant and equipment | 2,385,612,966 | 167,440,223 | (26,580,922) | 2,526,472,267 |
| Accumulated Depreciation | | | | |
| Power and pumping stations - buildings | 105,055,703 | 10,257,844 | - | 115,313,547 |
| Power and pumping stations - machinery | 128,176,937 | 10,515,942 | - | 138,692,879 |
| Distribution systems | 43,375,489 | 1,654,016 | (738,245) | 44,291,260 |
| Sewerage collection | 36,601,742 | 4,584,076 | (1,970,102) | 39,215,716 |
| Canals and subsurface drainage | 62,910,666 | 3,221,308 | - | 66,131,974 |
| Treatment plants | 50,120,748 | 2,797,541 | - | 52,918,289 |
| Connections and meters | 28,225,252 | 965,937 | (81,254) | 29,109,935 |
| Power transmission | 12,887,260 | 472,153 | - | 13,359,413 |
| General plant | 201,908,791 | - | (15,586) | 201,893,205 |
| General buildings | 5,890,541 | 303,462 | - | 6,194,003 |
| Total accumulated depreciation | 675,153,129 | 34,772,279 | (2,805,187) | 707,120,221 |
| Net property, plant, and equipment | \$ 1,710,459,837 | \$ 132,667,944 | \$ (23,775,735) | \$ 1,819,352,046 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(4) Property, Plant and Equipment (continued)

| | 2010 | | | |
|---|----------------------|----------------|-----------------|-------------------|
| | Beginning Balance | Additions | Deletions | Ending Balance |
| Cost | | | | |
| Real estate rights, non depreciable | \$ 8,672,558 | \$ 753,420 | \$ - | \$ 9,425,978 |
| Power and pumping stations - buildings | 324,753,695 | 6,267,473 | - | 331,021,168 |
| Power and pumping stations - machinery | 242,413,811 | 358,037 | - | 242,771,848 |
| Distribution systems | 123,973,792 | 2,581,898 | (1,232,309) | 125,323,381 |
| Sewerage collection | 305,592,751 | 26,058,449 | (2,358,491) | 329,292,709 |
| Canals and subsurface drainage | 310,073,401 | 7,986,975 | - | 318,060,376 |
| Treatment plants | 135,915,592 | 3,766,107 | - | 139,681,699 |
| Connections and meters | 45,303,549 | 1,309,073 | (186,366) | 46,426,256 |
| Power transmission | 23,607,668 | - | - | 23,607,668 |
| General plant | 201,432,502 | 606,023 | (129,734) | 201,908,791 |
| General buildings | 7,586,547 | - | - | 7,586,547 |
| Total property, plant and equipment in service | 1,729,325,866 | 49,687,455 | (3,906,900) | 1,775,106,421 |
| Construction in progress | 518,909,894 | 141,284,106 | (49,687,455) | 610,506,545 |
| Total property, plant and equipment | 2,248,235,760 | 190,971,561 | (53,594,355) | 2,385,612,966 |
| Accumulated Depreciation | | | | |
| Power and pumping stations - buildings | 96,445,428 | 8,610,275 | - | 105,055,703 |
| Power and pumping stations - machinery | 119,290,238 | 8,886,699 | - | 128,176,937 |
| Distribution systems | 42,939,809 | 1,667,989 | (1,232,309) | 43,375,489 |
| Sewerage collection | 34,580,640 | 4,379,593 | (2,358,491) | 36,601,742 |
| Canals and subsurface drainage | 59,701,589 | 3,209,077 | - | 62,910,666 |
| Treatment plants | 47,327,114 | 2,793,634 | - | 50,120,748 |
| Connections and meters | 27,483,093 | 928,525 | (186,366) | 28,225,252 |
| Power transmission | 12,415,108 | 472,152 | - | 12,887,260 |
| General plant | 198,073,320 | 3,965,205 | (129,734) | 201,908,791 |
| General buildings | 5,587,079 | 303,462 | - | 5,890,541 |
| Total accumulated depreciation | 643,843,418 | 35,216,611 | (3,906,900) | 675,153,129 |
| Net property, plant, and equipment | \$ 1,604,392,342 | \$ 155,754,950 | \$ (49,687,455) | \$ 1,710,459,837 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(4) Property, Plant and Equipment (continued)

Interest capitalized was as follows for the years ended December 31:

| | 2011 | 2010 |
|--------------------------|-----------------|-----------------|
| Interest income | \$ 55,951 | \$ 126,102 |
| Interest expense | (11,020,055) | (11,392,115) |
| Net interest capitalized | \$ (10,964,104) | \$ (11,266,013) |

(5) Customer Receivables

Customer receivables as of December 31 consist of the following:

| | | Customer Accounts | Allowance for Doubtful Accounts | Net |
|------|-------|----------------------|---------------------------------------|----------------------|
| 2011 | Water | \$ 11,650,661 | \$ 4,625,563 | \$ 7,025,098 |
| | Sewer | 9,476,841 | 4,026,156 | 5,450,685 |
| | | <u>\$ 21,127,502</u> | <u>\$ 8,651,719</u> | <u>\$ 12,475,783</u> |
| 2010 | Water | \$ 15,313,694 | \$ 6,314,224 | \$ 8,999,470 |
| | Sewer | 15,348,256 | 9,564,402 | 5,783,854 |
| | | <u>\$ 30,661,950</u> | <u>\$ 15,878,626</u> | <u>\$ 14,783,324</u> |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(6) Changes in Long-term Obligations

(A) Bonds Payable

Bonds payable consisted of the following as of December 31:

| | <u>Principal Balances</u> | |
|--|---------------------------|---------------|
| | <u>2011</u> | <u>2010</u> |
| 5.00% to 6.25% sewerage revenue bonds, series 1997 (initial average interest cost 5.36%), due in annual principal installments ranging from \$1,100,000 to \$2,425,000; final payment due June 1, 2017 | \$ 12,715,000 | \$ 14,460,000 |
| 4.125% to 6.125% water revenue bonds, series 1998 (initial average interest cost 4.82%), due in annual principal installments ranging from \$625,000 to \$1,220,000; final payment due December 1, 2018 | 7,460,000 | 8,345,000 |
| 4.125% to 6.000% sewer revenue bonds, series 1998 (initial average interest cost 4.82%), due in annual principal installments ranging from \$950,000 to \$1,910,000; final payment due June 1, 2018 | 11,660,000 | 13,040,000 |
| 4.10% to 6.10% drainage system bonds, series 1998 (initial average interest cost 4.84%), due in annual principal installments ranging from \$370,000 to \$760,000; final payment due December 1, 2018 | 4,610,000 | 5,155,000 |
| 5.25% to 6.50% sewer revenue bonds, series 2000 (initial average interest cost 5.48%), due in annual principal installments ranging from \$820,000 to \$2,205,000; final payment due June 1, 2020 | 15,890,000 | 17,195,000 |
| 5.00% to 7.00% sewer revenue bonds, series 2000B (initial average interest cost 5.43%), due in annual principal installments ranging from \$640,000 to \$1,660,000; final payment due June 1, 2020 | 12,055,000 | 13,060,000 |
| 4.40% to 6.70% sewer revenue bonds, series 2001 (initial average interest cost 5.02%), due in annual principal installments ranging from \$1,100,000 to \$2,455,000; final payment due June 1, 2021 | 19,985,000 | 21,530,000 |
| 3.00% to 5.00% sewerage service revenue bonds, series 2002 (initial average interest cost 4.36%; due in annual principal installments ranging from \$1,635,000 to \$4,520,000; final payment due June 1, 2022. | 38,595,000 | 41,105,000 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(6) Changes in Long-term Obligations (continued)

(A) Bonds Payable (continued)

| | <u>Principal Balances</u> | |
|---|---------------------------|-----------------------|
| | <u>2011</u> | <u>2010</u> |
| 3.00% to 5.00% water revenue bonds, series 2002 (initial average interest cost 4.57%, due in annual principal installments ranging from \$945,000 to \$3,658,000; final payment due December 1, 2022. | \$ 24,955,000 | \$ 26,290,000 |
| 3.45% to 6.00% drainage system bonds, series 2002 (initial average interest cost 4.46%), due in annual principal installments ranging from \$510,000 to \$2,155,000; final payment due December 1, 2022. | 14,380,000 | 15,135,000 |
| 2.20% to 5.00% sewerage service revenue bonds, series 2003 (initial average interest cost 3.94%); due in annual principal installments ranging from \$140,000 to \$395,000; final payment due June 1, 2023. | 3,780,000 | 4,025,000 |
| 3.25% to 6.00% sewerage service revenue bonds, series 2004 (initial average interest cost 4.26%); due in annual principal installments ranging from \$945,000 to \$3,685,000; final payment due June 1, 2024. | 24,315,000 | 25,690,000 |
| 3.40% to 6.25% sewerage service revenue refunding bonds, series 2009 (initial average interest cost 6.68%); due in annual principal installments ranging from \$680,000 to \$1,945,000; final payment due June 1, 2029. | 21,990,000 | 22,695,000 |
| 2.95% LADHH Loan Revenue bonds, series 2010A; due in certain percentage of total drawdown; final payment due February 1, 2030. | 628,127 | 34,875 |
| 2.95% LADHH Loan Revenue bonds, series 2010B; due in certain percentage of total drawdown; final payment due February 1, 2030. | 875,707 | 597,967 |
| 0.45% sewerage service subordinate revenue bonds, series 2011 (initial average interest cost 0.95%); due in annual principal installments ranging from \$411,000 to \$491,000; final payment due December 1, 2032 | 98,375 | - |
| | <u>213,992,209</u> | <u>228,357,842</u> |
| Plus. bond premiums | <u>831,728</u> | <u>987,155</u> |
| Total | 214,823,937 | 229,344,997 |
| Less: current maturities | <u>(16,149,000)</u> | <u>(15,360,000)</u> |
| Bond payable, long-term | \$ <u>198,674,937</u> | \$ <u>213,984,997</u> |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(B) Bonds Payable (continued)

The changes in long-term debt were as follows:

| | | <u>2011</u> | | <u>2010</u> |
|----------------------------|----|--------------------|----|--------------------|
| Balance, beginning of year | \$ | 228,357,842 | \$ | 242,330,000 |
| Payments | | (15,360,000) | | (14,605,000) |
| Proceeds | | 994,367 | | 632,842 |
| Balance, end of year | \$ | <u>213,992,209</u> | \$ | <u>228,357,842</u> |

The annual requirements to amortize bonds payable as of December 31, 2011, are as follows:

| Year | Principal | Interest | Total |
|-------------|-----------------------|----------------------|-----------------------|
| 2012 | \$ 16,149,000 | \$ 10,345,293 | \$ 26,494,293 |
| 2013 | 17,043,375 | 9,574,854 | 26,618,229 |
| 2014 | 17,797,000 | 8,728,595 | 26,525,595 |
| 2015 | 18,683,000 | 7,833,760 | 26,516,760 |
| 2016 | 19,635,000 | 6,894,736 | 26,529,736 |
| 2017-2021 | 93,131,000 | 19,672,445 | 112,803,445 |
| 2022-2026 | 25,686,000 | 3,872,471 | 29,558,471 |
| 2027-2031 | <u>5,867,834</u> | <u>551,489</u> | <u>6,419,323</u> |
| | <u>\$ 213,992,209</u> | <u>\$ 67,473,643</u> | <u>\$ 281,465,852</u> |

The amount of revenue bonds and tax bonds payable as of December 31, 2011, are as follows:

| Year | Revenue Bonds | Tax Bonds | Total |
|-------------|-----------------------|----------------------|-----------------------|
| 2012 | \$ 14,789,000 | \$ 1,360,000 | \$ 16,149,000 |
| 2013 | 15,618,375 | 1,425,000 | 17,034,375 |
| 2014 | 16,307,000 | 1,490,000 | 17,797,000 |
| 2015 | 17,128,000 | 1,555,000 | 18,683,000 |
| 2016 | 18,010,000 | 1,625,000 | 19,635,000 |
| 2017-2021 | 83,751,000 | 9,380,000 | 93,131,000 |
| 2022-2026 | 23,531,000 | 2,155,000 | 25,686,000 |
| 2027-2031 | <u>5,867,834</u> | <u>-</u> | <u>5,867,834</u> |
| | <u>\$ 195,002,209</u> | <u>\$ 18,990,000</u> | <u>\$ 213,992,209</u> |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(6) Changes in Long-term Obligations (continued)

(A) Bonds Payable (continued)

The indentures under which these bonds were issued provide for the establishment of restricted funds for debt service as follows:

1. Debt service funds are required for the payment of interest and principal on the revenue and tax bonds. Monthly deposits on revenue bonds, excluding bond anticipation notes, are required to be made into this fund from operations in an amount equal to 1/6 of the interest falling due on the next interest payment date, and an amount equal to 1/12 of the principal falling due on the next principal payment date. All debt service funds are administered by the Board of Liquidation. The required amount to be accumulated in this fund was \$8,280,401 and \$7,943,569 at December 31, 2011 and 2010, respectively; the accumulated balance at December 31, 2011 and 2010 was \$10,564,501 and \$10,290,306 respectively. Monthly deposits to the debt service funds were temporarily suspended due to debt service payments being paid directly by the State of Louisiana through a Cooperative Endeavor Agreement and resumed as of June 2008. See note (6) (D) for additional information
2. A debt service reserve is required for an amount equal to but not less than fifty percent of the amount required to be credited in said month to the debt service fund until there shall be accumulated in the debt service reserve account the largest amount required in any future calendar year to pay the principal and interest on outstanding bonds, except for the water and sewer bonds. The water bonds require an amount equal to the largest amount required in any future calendar year to pay the principal of and interest on outstanding bonds. There is no debt service reserve required for the 1998 and 2002 drainage 9 mill tax bonds. The sewer bonds require an amount equal to 125% of average aggregate debt service. The amounts required to be accumulated in this fund were \$17,136,874 and \$19,236,060 at December 31, 2011 and 2010 respectively; the accumulated balance at December 31, 2011 and 2010 was \$20,092,504.

The Board was in compliance with the requirements of its long-term debt agreements for the Water Department for the years ended December 31, 2011 and 2010.

The Board was in compliance with the requirements of its long-term debt agreements for the Sewerage Department for the years ended December 31, 2011 and 2010.

(B) Special Community Disaster Loan Payable

During January 2006, the Board entered into a long-term agreement with the Federal Emergency Management Agency under the Community Disaster Loan Act of 2005 as a result of the major disaster declaration of August 29, 2005 for Hurricane Katrina. The loan was for a term of five years, which may be extended, and shall bear interest at the latest five-year Treasury rate at the time of the closing date of the loan, plus one percent. Simple interest accrues from the date of each disbursement. Payments of principal and interest are deferred until the end of the five year period.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(6) Changes in Long-term Obligations (continued)

(B) Special Community Disaster Loan Payable (continued)

Interest rates and maturity dates for the draw downs were as follows:

| <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Principal</u> |
|----------------------|----------------------|----------------------|
| January 23, 2011 | 2.66% | \$ 22,298,689 |
| June 21, 2011 | 3 12% | 6,013,905 |
| August 27, 2011 | 2 93% | 33,644,153 |
| | | <u>\$ 61,956,747</u> |

In December 2010, the Board was granted a partial forgiveness of this loan in the amount of \$36,790,000 of principal and \$4,648,410 of accrued interest. A total of \$41,438,410 is included in forgiveness of debt on the statements of revenues, expenses, and changes in net assets for 2010. In addition, the Board was granted a 5 year extension on the payment date. As of December 31, 2011 and 2010, accrued interest on the loan was approximately \$3.7 million and \$2.9 million, respectively. Interest rate and maturity date for the loan are now as follows:

| <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Principal</u> |
|----------------------|----------------------|------------------|
| August 27, 2016 | 2.93% | \$ 25,166,747 |

Operating revenues are pledged as security for the loan. Debt service requirements relating to the loan due in 2016 include \$25,166,747 of principal and \$3,672,379 of interest.

(C) LADHH Bonds Series 2010

The City entered into an agreement with the Louisiana Department of Health and Hospitals (the Department) whereby the Department has committed to loan the City up to \$3,400,000 to fund the installation of a new sodium hypochlorite storage and feed facility as well as the installation of a new sludge line into the Mississippi River (project). The loan is to be advanced in incremental amounts as project costs are incurred. The indebtedness to the Department will be evidenced through the LADHH bonds payable and the City will pay the bonds in 20 principal installments, payable annually beginning no later than 2 years after the Closing Date (February 1, 2010) or 1 year after the completion of the Project. Each annual installment due is based upon a pre-determined percentage of the ultimate amount of the borrowing that is not forgivable (see forgiveness provisions in the following paragraph). The ultimate amount of borrowings is not yet known as of December 31, 2011 as the project is under construction. Principal payments of the amount repayable began February 1, 2011. Interest on the bonds is incurred at the rate of 2.95% and payment thereof began August 1, 2010 and is due semi-annually thereafter.

A portion of the LADHH bonds payable is to be funded with amounts provided under the American Recovery and Reinvestment Act (ARRA). Up to \$1,000,000 of the ARRA Loan can be forgiven. The City received advances of \$2,157,836 as of December 31, 2011. Of this amount, \$629,002 has been forgiven, \$25,000 has been repaid, and the remaining balance of \$1,503,834 is recorded as bonds payable at December 31, 2011. The City received advances of \$667,717 as of December 31, 2010. Of this amount, \$34,875 has been forgiven, and \$632,842 is recorded as bonds payable at December 31, 2010.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(6) Changes in Long-term Obligations (continued)

(D) Sewerage Service Subordinate Revenue Bonds, Series 2011

The City entered into an agreement with the Louisiana Department of Environmental Quality (LDEQ) whereby the LDEQ has committed to loan the Board \$9,000,000 to fund sewer main replacements, point repairs, replacement of associated service connections and laterals, sewer line rehabilitation by cured in-place pipe lining and manhole rehabilitation. The loan is to be advanced in incremental amounts as project costs are incurred. The indebtedness to the LDEQ will be evidenced through the Sewerage Service Subordinate Revenue Bonds, Series 2011. Annual principal payments will be due beginning November 1, 2013 and continuing through November 1, 2032. Interest on the bonds is incurred at the rate of 0.45% and the LDEQ administrative fee rate is 0.5%. Interest and administrative fee payments begin on May 1, 2012 and are due semi-annually thereafter. As of December 31, 2011, \$98,375 has been drawn down on the loan and is recorded as bonds payable.

(E) Debt Service Assistance

In July 2006, the Board and the State of Louisiana (the State) entered into a Cooperative Endeavor Agreement whereby the State agreed to lend up to \$77,465,247 from State funds on deposit in the Debt Service Assistance Fund, authorized by the Gulf Opportunity Zone Act of 2005 and Act 41 of the First Extraordinary Session of the Louisiana Legislature of 2006, to assist in payment of debt service requirements from 2006 through 2008 due to disruption of tax bases and revenue streams caused by Hurricanes Katrina and Rita. Draw downs on the loan will be made as debt service payments become due. No principal or interest shall be payable during the initial five year period of the loan. After the expiration of the initial five year period, the loan shall bear interest at a fixed rate of 4.64 percent. Principal payments on the bonds begin in July 2012 and the loan will mature in July 2026. Interest is payable semi-annually on January 15 and July 15 beginning January 2012.

The loan may be prepaid without penalty or premium. The Board has the right to request one extension of its obligation to begin payments under the loan not to exceed five years. As of December 31, 2011 and 2010, the Board has drawn down \$77,465,247 and \$77,460,393, respectively, on this agreement.

Debt service requirements relating to the bond are as follows:

| <u>Years Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|----------------------|-----------------------|
| 2012 | \$ 3,688,291 | \$ 3,594,387 | \$ 7,282,678 |
| 2013 | 3,859,428 | 3,423,251 | 7,282,679 |
| 2014 | 4,038,505 | 3,244,173 | 7,282,678 |
| 2015 | 4,225,892 | 3,056,787 | 7,282,679 |
| 2016 | 4,421,973 | 2,860,705 | 7,282,678 |
| 2017-2021 | 25,384,715 | 11,028,677 | 36,413,392 |
| 2022-2026 | 31,846,443 | 4,566,948 | 36,413,391 |
| | <u>\$ 77,465,247</u> | <u>\$ 31,774,928</u> | <u>\$ 109,240,175</u> |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(7) Due to City of New Orleans

The Board bills and collects sanitation charges on behalf of the City of New Orleans (the City). The Board is not liable for any uncollected sanitation charges.

Additionally, amounts included in accounts payable due to the City were \$14,715,479 and \$6,680,474 at December 31, 2011 and 2010, respectively.

(8) Property Taxes

Property taxes are levied by the City of New Orleans. Taxes on real and personal property attach as an enforceable lien on the property as of January 1. Taxes are levied on January 1, payable on January 1, and delinquent on February 1.

The assessed value of the property is determined by an elected Assessor. The assessed value for 2011 and 2010 was \$2,766,725,610 and \$2,678,381,864, respectively. The combined tax rate dedicated for the Board for the years ended December 31, 2011 and 2010 was \$16.43 per \$1,000 of assessed valuation. These dedicated funds are available for operations, maintenance, construction and extension of the drainage system (except for subsurface systems).

(9) Commitments

(A) Capital Improvements

At December 31, 2011, the Board's budget for its ten year capital improvements program totaled \$3,589,364,000 including \$813,368,000 for water, \$551,707,000 for sewerage and \$2,224,289,000 for drainage.

Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures. As of December 31, 2011, the Board has committed or appropriated \$76,150,163 in investments for use in future capital projects and has \$175,768 of bond proceeds remaining for construction. The capital project investments are included in restricted assets.

The capital improvements budget for 2012 is \$1,557,586,000 including \$67,352,000 for projects, which are expected to be funded by federal grants and programs. Significant projects included in property, plant and equipment in progress as of December 31, 2011 include the following:

Hurricane Katrina related Repairs and Replacements
Southeast Louisiana Flood Control Program
Sewer System Sanitation Evaluation and Rehabilitation Program
Drainage Pumping Station #1
Eastbank Sewer Treatment Plant
Westbank Sewer Treatment Plant
Sodium Hypochlorite Bulk Storage/Feed Facility at the Main Water Purification Plant

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(9) Commitments (continued)

(B) Self-insurance

The Board is self-insured for general liability, workers' compensation, and hospitalization benefits and claims. Settled claims have not exceeded excess coverage in any of the past three fiscal years. Hospitalization benefits are charged to payroll related expense.

General liability claims are segregated internally by "claims" and "suits" depending on the scope and type of claim, and are handled by the Office of the Special Counsel and Administrative Services. Individual general liability losses have ranged from \$100 to \$7,500,000, illustrating the volatility of this exposure. The provision for claims for 2011 and 2010 amounted to a decrease of \$4,372,097 and an increase of \$1,411,281 in general liability claims payable, respectively.

Worker's compensation expense provision for 2011 and 2010 amounted to \$1,132,569 and \$1,775,225, respectively.

The hospitalization self-insurance benefits are administered by Blue Cross of Louisiana. The Board's expense provision in excess of employee contributions for 2011 and 2010 was approximately \$13,252,400 and \$12,412,240, respectively, and is included in payroll related expenses.

Changes in the claims payable amount are as follows (health payments are reflected net):

| <u>Fiscal Year</u> | <u>Beginning of Year</u> | <u>Current Year Claims and Estimate Change</u> | <u>Claim Payments</u> | <u>End of Year</u> |
|--------------------|------------------------------|--|---------------------------|--------------------|
| 2011 | \$ 21,030,331 | \$ 9,348,118 | \$ (15,476,968) | \$ 14,901,481 |
| 2010 | \$ 20,603,791 | \$ 13,709,531 | \$ (13,282,991) | \$ 21,030,331 |

The composition of claims payable is as follows:

| | <u>2011</u> | <u>2010</u> |
|-----------------------|----------------------|----------------------|
| Short-term: | | |
| Workers' compensation | \$ 1,085,349 | \$ 1,322,421 |
| Health insurance | 2,093,499 | 1,871,499 |
| General liability | 8,861,192 | 13,534,043 |
| Total short-term | <u>12,040,040</u> | <u>16,727,963</u> |
| Long-term: | | |
| Workers' compensation | <u>2,861,441</u> | <u>4,302,369</u> |
| Total long-term | <u>2,861,441</u> | <u>4,302,369</u> |
| Total | <u>\$ 14,901,481</u> | <u>\$ 21,030,332</u> |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(9) Commitments (continued)

(C) Regulatory Matters

The Board, as well as other utilities, is subject to environmental standards imposed by federal, state and local environmental laws and regulations. The Board has entered into a consent decree with the United States which allows the Board to go forward with its major program to repair and rehabilitate the sewerage system. The overall costs of the program are estimated at \$408.2 million over a period ending in 2015. The Board is in compliance with the decree.

The Board is also participating in Federal financial award programs which are subject to financial and compliance audits by various agencies. No disallowed costs have been identified. As part of Federal and other governmental agency funding, the Board is required to match a portion of funding received. The Board believes it has sufficient funds to meet its matching requirements.

(D) Postemployment Healthcare Benefits

Plan Description – The Board's postemployment benefit plan is a single-employer defined benefit plan. The Board's post-employment medical benefits for retirees are provided through a self-insured medical plan and are made available to employees upon actual retirement.

The retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 62 and 10 years of service; age 65 and 5 years of service; age 70 regardless of service; or, if age plus service equals at least 80. Complete plan provisions are contained in the official plan documents. Currently, the Board provides post employment medical benefits to 614 retired employees.

Contribution Rates - Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy - Until 2007, the Board recognized the cost of providing post-employment medical benefits (the Board's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2011 and 2010, the Board's portion of health care funding cost for retired employees totaled \$6,325,076 and \$5,728,065, respectively. Effective January 1, 2007, the Board applies this amount toward the Net OPEB Benefit Obligation as shown in the tables on the following page.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)

(9) Commitments (continued)

(D) Postemployment Healthcare Benefits (continued)

Annual Required Contribution - The Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

| | <u>2011</u> | <u>2010</u> |
|------------------------------------|----------------------|----------------------|
| Normal cost | \$ 4,326,296 | \$ 4,413,423 |
| 30-year UAL amortization amount | 10,333,149 | 10,346,047 |
| Annual required contribution (ARC) | <u>\$ 14,659,445</u> | <u>\$ 14,759,470</u> |

Net Post-employment Benefit Obligation - The table below shows the Board's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending December 31.

| | <u>2011</u> | <u>2010</u> |
|---------------------------------|----------------------|----------------------|
| Beginning Net OPEB Obligation | \$ 33,069,087 | \$ 24,474,061 |
| Annual required contribution | 14,659,445 | 14,759,470 |
| Interest on Net OPEB Obligation | 1,321,464 | 978,961 |
| ARC Adjustment | <u>(1,942,966)</u> | <u>(1,415,340)</u> |
| OPEB Cost | 14,037,943 | 14,323,092 |
| Contribution | - | - |
| Current year retiree premium | <u>(6,325,076)</u> | <u>(5,728,065)</u> |
| Change in Net OPEB Obligation | <u>7,712,867</u> | <u>8,595,027</u> |
| Ending Net OPEB Obligation | <u>\$ 40,781,954</u> | <u>\$ 33,069,087</u> |

The following table shows the Board's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual Cost Contributed</u> | <u>Net OPEB Liability (Asset)</u> |
|--------------------------|-----------------------------|--|---|
| December 31, 2011 | \$ 14,070,394 | 44.95% | \$ 40,781,954 |
| December 31, 2010 | \$ 14,323,092 | 39.99% | \$ 33,069,087 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(9) Commitments (continued)

(D) Postemployment Healthcare Benefits (continued)

Funded Status and Funding Progress - In 2011 and 2010, the Board made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. As of January 1, 2011, the most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$178,681,549 which is defined as that portion, as determined by a particular actuarial cost method (the Board uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

| | <u>2011</u> | <u>2010</u> |
|---|----------------|----------------|
| Actuarial Accrued Liability (AAL) | \$ 178,681,549 | \$ 178,904,131 |
| Actuarial Value of Plan Assets (AVP) | <u>-</u> | <u>-</u> |
| Unfunded Act. Accrued Liability (UAAL) | \$ 178,681,549 | \$ 178,904,131 |
| Funded Ratio (AVP/AAL) | 0.00% | 0.00% |
| Covered Payroll (active plan members) | \$ 35,082,005 | \$ 34,743,782 |
| UAAL as a percentage of covered payroll | 509.33% | 514.92% |

Actuarial Methods and Assumptions - Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate, (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Board and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Board and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Board and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method - The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(9) Commitments (continued)

(D) Postemployment Healthcare Benefits (continued)

Actuarial Value of Plan Assets – Since the OPEB obligation has not as yet been funded, there are not any plan assets. It is anticipated that in future valuations, should funding take place, plan assets will be valued using a smoothed market value method consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate - An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 8%. In addition to age related turnover, it has additionally been assumed that 10% of future eligible retirees will decline coverage upon retirement.

Post employment Benefit Plan Eligibility Requirements - It is assumed that entitlement to benefits will commence five years after earliest eligibility for retirement (D.R.O.P. entry) The five years is to accommodate the anticipated period of the D.R.O.P. Also, if the initial eligibility for D.R.O.P. entry is prior to age 55, an additional one year delay has been assumed, and it has been assumed that members eligible for the "Rule of 80" retirement formula delay three years beyond that earliest retirement date. Medical benefits are provided to employees upon actual retirement. The retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 62 and 10 years of service; age 65 and 5 years of service; age 70 regardless of service; or, if age plus service equals at least 80. Entitlement to benefits continues through Medicare to death.

Investment Return Assumption (Discount Rate) - GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate - The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining the Value of Benefits - The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The current premium schedules for active and retired are "unblended" rates, as required by GASB 45.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(9) Commitments (continued)

(D) Postemployment Healthcare Benefits (continued)

Inflation Rate – Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases – This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases – The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

(E) Southeast Louisiana Project

In 2010, the Coastal Protection and Restoration Authority of Louisiana entered into agreements (SELA PPA and SELA DPA) with the Department of the Army for the Southeast Louisiana, Louisiana Project in Jefferson and Orleans Parishes (the Project). The purpose of the Project is to provide flood damage reduction and interior drainage for Orleans and Jefferson Parishes in southeast Louisiana. The agreements set forth the obligations of the federal government and non-federal sponsors, including the Board, regarding the construction and the operation, maintenance, repair, rehabilitation, and replacement of the Project. For the projects, the federal government is liable for 65% of the project costs and the non-federal sponsors are liable for the remaining 35%. Under the agreement, the Department of the Army, subject to the availability of funds appropriated by the Congress of the United States, shall design and construct specified work at 100% federal expense. The Board will be allowed to defer payment of its required non-federal contribution of funds of 35% and to pay said contribution of funds with interest over a period of not more than 30 years from the date of completion of the project or separable element of the project. The interest rate to be used in computing the interest shall be determined by the Secretary of the Treasury, taking into consideration average market yields on outstanding marketable obligations of the United States with remaining periods of maturity comparable to the payment period during the month preceding the Government fiscal year in which the first federal construction contract for such separable element is awarded to the SELA PPA, plus a premium of one-eighth of one percentage point for transaction costs.

In 2011, the Board has incurred \$5,785,047 for design and relocation expenses relating to the Project. These expenses have been capitalized as construction in progress at December 31, 2011, and the payments will be applied against the 35% costs, as stated in the previous paragraph, upon approval by the Department of Army. Actual construction work of the Project began in January 2012 and is expected to be completed in 2017. At December 31, 2011, the Board has not incurred a liability for the construction of the Project.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(10) Deferred Compensation Plan

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property, and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the employees, therefore the assets of the plan are not included in these financial statements

(11) Budgets

Operating and capital expenditure budgets are adopted by the Board on a basis consistent with accounting principles generally accepted in the United States. While not legally required, this budgetary information is employed as a management control device during the year. Comparison between actual and budgeted expenses is not a required presentation for an Enterprise Fund.

(12) Segment Information

The Board issued revenue bonds to finance its water and sewerage departments which operate the Board's water and sewerage treatment plants and distribution and collection systems. These bonds are accounted for in a single fund; however, investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(12) Segment Information (continued)

Summary financial information for these departments as of and for the years ended December 31 is as follows:

| | <u>Condensed Statements of Net Assets</u> | | | |
|---|---|-------------------|-------------------|-------------------|
| | <u>Water</u> | | <u>Sewer</u> | |
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| | (amounts in thousands) | | | |
| Assets | | | | |
| Property, plant and equipment | \$ 321,401 | \$ 314,000 | \$ 764,091 | \$ 718,365 |
| Current unrestricted assets | (11,656) | (5,819) | 52,359 | 57,918 |
| Restricted assets | 37,138 | 27,246 | 45,674 | 41,253 |
| Other assets | 209 | 228 | 1,723 | 1,780 |
| Total assets | \$ 347,092 | \$ 335,655 | \$ 863,847 | \$ 819,316 |
| Net assets: | | | | |
| Invested in capital assets, net of related debt | \$ 287,287 | \$ 278,543 | \$ 602,534 | \$ 544,969 |
| Restricted | 7,393 | 7,429 | 25,644 | 25,346 |
| Unrestricted | (94,019) | (91,943) | (79,827) | (65,369) |
| Total net assets | 200,661 | 194,029 | 548,351 | 504,946 |
| Liabilities. | | | | |
| Current | 51,599 | 49,414 | 72,793 | 59,284 |
| Current liabilities payable from restricted assets | 11,751 | 10,504 | 14,882 | 13,432 |
| Noncurrent liabilities | 83,081 | 81,708 | 227,821 | 241,654 |
| Total liabilities | 146,431 | 141,626 | 315,496 | 314,370 |
| Total liabilities and net assets | \$ 347,092 | \$ 335,655 | \$ 863,847 | \$ 819,316 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(12) Segment Information (continued)

Condensed Statements of Revenues, Expenses and Changes in Net Assets

| | <u>Water</u> | | <u>Sewer</u> | |
|--|------------------------|-------------------|-------------------|-------------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| | (amounts in thousands) | | | |
| Service charges, pledged against bonds | \$ 64,699 | \$ 58,698 | \$ 73,782 | \$ 70,169 |
| Depreciation expense | (13,793) | (13,948) | (9,907) | (9,979) |
| Other operating expenses | (66,355) | (61,252) | (42,508) | (46,297) |
| Operating income (loss) | <u>(15,449)</u> | <u>(16,502)</u> | <u>21,367</u> | <u>13,893</u> |
| Nonoperating revenues (expenses): | | | | |
| Investment earnings | 47 | 40 | 252 | 67 |
| Other | 10,919 | 24,603 | 140 | 17,645 |
| Capital contributions | 11,115 | 23,636 | 21,646 | (7,720) |
| Total nonoperating revenues (expenses) | <u>22,081</u> | <u>48,279</u> | <u>22,038</u> | <u>9,992</u> |
| Change in net assets | 6,632 | 31,777 | 43,405 | 23,885 |
| Beginning net assets | 194,029 | 162,252 | 504,946 | 481,061 |
| Ending net assets | <u>\$ 200,661</u> | <u>\$ 194,029</u> | <u>\$ 548,351</u> | <u>\$ 504,946</u> |

Condensed Statements of Cash Flows

| | <u>Water</u> | | <u>Sewer</u> | |
|--|------------------------|------------------|-----------------|-----------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| | (amounts in thousands) | | | |
| Net cash provided by (used in): | | | | |
| Operating activities | \$ (2,646) | \$ 9,221 | \$ 35,213 | \$ 40,509 |
| Noncapital financing activities | 8,758 | (2,850) | 2,842 | 2,958 |
| Capital and related financing activities | (3,154) | 628 | (30,010) | (53,283) |
| Investing activities | <u>(8,772)</u> | <u>(489)</u> | <u>(7,175)</u> | <u>(1,654)</u> |
| Net increase (decrease) | (5,814) | 6,510 | 870 | (11,470) |
| Cash and cash equivalents: | | | | |
| Beginning of year | 23,200 | 16,690 | 6,148 | 17,618 |
| End of year | <u>\$ 17,386</u> | <u>\$ 23,200</u> | <u>\$ 7,018</u> | <u>\$ 6,148</u> |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)

(13) Natural Disaster

As of December 31, 2011 and 2010, the Board has cumulatively received \$235,893,718 and \$190,382,350, respectively, of cash reimbursements from the Federal Emergency Management Agency (FEMA). Included in accounts receivable as of December 31, 2011 and 2010 are \$25,164,758 and \$31,013,507, respectively, of reimbursements due from FEMA. Eligible FEMA grants totaling in excess of \$431 million are in various stages of the approval process and include amounts for system repairs, building repairs, vehicle and equipment repairs and replacements, temporary power, supplies and other costs

On June 29, 2007, the Board entered into a Cooperative Endeavor Agreement with the State of Louisiana, City of New Orleans, Louisiana, and the Louisiana Public Facilities Authority (LPFA). The LPFA agreed to issue its bonds to provide the cash capital investment to pay for capital improvements of the City of New Orleans and the Board. The establishment of the construction fund permits the Board and City of New Orleans to publicly bid contracts that are subject to a Project Worksheet that has been obligated by FEMA or for which an award letter has been received and encumber such amounts. The State of Louisiana, City of New Orleans, and Sewerage and Water Board agree that as FEMA pays any reimbursement amounts related to projects for which disbursements have been made, or the City or the Sewerage and Water Board receives monies related to the hazard mitigation grant program for which disbursements have been made from the construction fund, the full amount of such projects shall be deposited in the construction fund and used to fund additional projects until all City of New Orleans and Sewerage and Water Board improvements are completed. The total amount made available to the Board under the agreement was \$100,000,000. At December 31, 2011 and 2010, the Board had an outstanding obligation under the agreement of \$67,894,157 and \$59,819,408 included as a liability in due to other governments on the statements of net assets, which represent amounts not yet reimbursed by FEMA and deposited back into the construction fund.

(14) Restatement

The Board identified an overstatement of property, plant and equipment which impacted prior year financial statements due to the capitalization of operating expenditures. The restatement resulted in a decrease in property, plant and equipment and net assets at December 31, 2010 and an increase in maintenance in general plant expenditures for the year ended December 31, 2010 of \$5,018,378.

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**REQUIRED SUPPLEMENTARY INFORMATION
(GASB STATEMENTS NO. 25 AND NO. 45)**

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SEWERAGE AND WATER BOARD OF NEW ORLEANS
Required Supplementary Information Under GASB Statement No. 25
SCHEDULE OF FUNDING PROGRESS
For the years ended December 31, 2011 and 2010

| Actuarial Valuation Date December 31 | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | (Overfunded) Unfunded AAL | Funded Ratio | Covered Payroll (millions) | Unfunded AAL as a Percentage of payroll |
|---|---------------------------------|--|---------------------------------|-----------------|----------------------------------|--|
| 2011 | \$ 229,137,699 | \$ 285,509,317 | \$ 56,371,618 | 80.26% | 29.74 | 189.55% |
| 2010 | 230,298,898 | 277,273,632 | 46,974,734 | 83.06% | 29.67 | 158.32% |
| 2009 | 228,999,660 | 269,506,028 | 40,506,368 | 84.97% | 29.95 | 135.26% |
| 2008 | 222,598,640 | 260,616,822 | 38,018,182 | 85.41% | 29.47 | 129.02% |
| 2007 | 223,583,589 | 245,202,189 | 21,618,600 | 91.18% | 26.54 | 81.44% |
| 2006 | 217,274,416 | 235,664,407 | 18,389,991 | 92.20% | 25.93 | 70.92% |
| 2005 | 209,829,340 | 225,544,886 | 15,715,546 | 93.03% | 30.05 | 52.30% |
| 2004 | 204,706,452 | 218,155,395 | 13,448,943 | 93.84% | 30.17 | 44.58% |
| 2003 | 196,697,432 | 205,362,089 | 8,664,657 | 95.78% | 28.44 | 30.46% |
| 2002 | 187,892,716 | 197,323,094 | 9,430,378 | 95.22% | 29.00 | 32.52% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Year Ended | Annual Required Contribution | Actual Contribution | Percentage Contribution |
|---------------|------------------------------------|------------------------|----------------------------|
| 2011 | \$ 9,815,493 | \$ 5,436,700 | 55.39% |
| 2010 | 8,385,788 | 5,146,081 | 61.37% |
| 2009 | 7,591,507 | 5,247,031 | 69.12% |
| 2008 | 7,146,647 | 4,915,512 | 68.78% |
| 2007 | 4,598,587 | 3,885,124 | 84.49% |
| 2006 | 4,073,502 | 3,343,713 | 82.08% |
| 2005 | 4,702,354 | 3,716,381 | 79.03% |
| 2004 | 4,271,797 | 3,721,034 | 87.11% |
| 2003 | 3,193,339 | 3,391,537 | 106.21% |
| 2002 | 3,190,707 | 2,931,065 | 91.86% |

See accompanying notes to financial statements

SEWERAGE AND WATER BOARD OF NEW ORLEANS
Required Supplementary Information Under GASB Statement No. 45
SCHEDULE OF FUNDING PROGRESS
For the years ended December 31, 2011 and 2010

| <u>Actuarial Valuation Date December 31</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL)</u> | <u>(Overfunded) Unfunded AAL</u> | <u>Funded Ratio</u> | <u>Covered Payroll (millions)</u> | <u>Unfunded AAL as a Percentage of payroll</u> |
|---|--|--|--|-------------------------|---|--|
| 2011 | \$ - | \$ 178,681,549 | \$ 178,681,549 | 0.00% | 35.08 | 509.33% |
| 2010 | - | 178,904,131 | 178,904,131 | 0.00% | 34.74 | 514.92% |
| 2009 | - | 184,174,734 | 184,174,734 | 0.00% | 33.88 | 543.56% |
| 2008 | - | 177,956,339 | 177,956,339 | 0.00% | 29.47 | 603.93% |
| 2007 | - | 147,995,856 | 147,995,856 | 0.00% | 27.00 | 548.13% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| <u>Year Ended</u> | <u>Annual Required Contribution</u> | <u>Actual Contribution</u> | <u>Percentage Contribution</u> |
|-----------------------|---|--------------------------------|------------------------------------|
| 2011 | \$ 14,659,445 | \$ 6,057,637 | 41.32% |
| 2010 | 14,759,470 | 5,728,065 | 38.81% |
| 2009 | 15,046,112 | 5,487,971 | 36.47% |
| 2008 | 14,304,620 | 5,673,616 | 39.66% |
| 2007 | 12,818,364 | 6,143,654 | 47.93% |

See accompanying notes to financial statements

SUPPLEMENTARY INFORMATION

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SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF NET ASSETS BY DEPARTMENT
ENTERPRISE FUND
 As of December 31, 2011 and 2010

| | Water System | | Sewerage System | | Drainage System | | Total | |
|--|----------------|----------------|-----------------|----------------|-----------------|----------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| ASSETS | | | | | | | | |
| Noncurrent assets | | | | | | | | |
| Property, plant and equipment | \$ 600,000,137 | \$ 579,623,352 | \$ 954,826,932 | \$ 901,164,321 | \$ 971,645,198 | \$ 904,823,293 | \$ 2,526,472,267 | \$ 2,385,612,946 |
| Less accumulated depreciation | 278,598,573 | 263,624,748 | 190,736,062 | 182,798,896 | 237,785,586 | 226,729,485 | 707,120,231 | 675,153,120 |
| Property, plant, and equipment, net | 321,401,564 | 314,000,604 | 764,090,870 | 718,365,425 | 733,859,612 | 678,093,808 | 1,819,352,036 | 1,710,459,826 |
| Other assets | | | | | | | | |
| Bond issue costs | 185,902 | 204,548 | 1,705,110 | 1,762,161 | 45,325 | 56,943 | 1,936,337 | 2,023,672 |
| Deposits | 22,950 | 22,950 | 17,965 | 17,965 | 10,400 | 10,400 | 51,315 | 51,315 |
| Total other assets | 208,852 | 227,518 | 1,723,075 | 1,780,126 | 55,725 | 67,343 | 1,987,652 | 2,074,987 |
| Total noncurrent assets | 321,610,416 | 314,228,122 | 765,813,945 | 720,145,551 | 733,915,337 | 678,161,151 | 1,821,339,688 | 1,712,534,824 |
| Current assets | | | | | | | | |
| Unrestricted | | | | | | | | |
| Cash | 9,645,067 | 15,681,990 | 2,083,063 | (1,682,636) | 4,431,205 | 3,833,938 | 16,159,335 | 17,833,292 |
| Accounts receivable | 7,025,098 | 8,999,470 | 5,430,685 | 5,763,854 | - | - | 12,475,783 | 14,783,324 |
| Customers, net of allowance | - | - | - | - | 6,895,232 | 9,555,454 | 6,895,232 | 9,555,454 |
| Taxes | - | - | - | - | - | 2,289 | 115 | 6,093 |
| Interest | 18,209,589 | 18,590,225 | 3,107,616 | 2,405 | 5,255,754 | 5,482,444 | 26,572,959 | 34,745,678 |
| Grants | 882,473 | 1,025,003 | 380,709 | 313,402 | 1,444,748 | 1,904,072 | 2,707,930 | 3,242,477 |
| Miscellaneous | (52,506,013) | (57,426,789) | 38,744,535 | 40,380,136 | 13,761,478 | 17,046,653 | - | - |
| Due from (to) other internal departments | 4,668,654 | 6,889,126 | 2,327,909 | 2,200,868 | 1,027,554 | 1,274,701 | 8,024,117 | 10,364,095 |
| Inventory of supplies | 418,677 | 410,432 | 364,095 | 255,850 | 38,878 | 23,978 | 721,650 | 690,260 |
| Prepaid expenses | (11,656,455) | (5,819,254) | 52,358,727 | 57,917,888 | 32,854,849 | 39,123,529 | 73,537,121 | 91,232,161 |
| Total unrestricted | 18,591,740 | 9,938,654 | 18,036,220 | 13,941,709 | 39,502,203 | 44,632,725 | 76,150,163 | 68,513,088 |
| Restricted investments | 18,914 | 60,544 | 143,743 | 141,170 | 13,111 | 4,078 | 175,768 | 205,792 |
| Capital projects | 7,393,084 | 7,428,697 | 25,643,883 | 25,346,183 | 100,575 | - | 33,137,542 | 32,774,880 |
| Construction funds | 8,849,159 | 7,979,978 | - | - | - | - | 8,849,159 | 7,979,978 |
| Debt service reserve | 1,848,223 | 1,744,003 | 1,751,558 | 1,745,131 | 1,750,444 | 1,744,004 | 5,350,225 | 5,231,138 |
| Customer deposits | 436,981 | 94,000 | 79,000 | 79,000 | 39,000 | 39,000 | 554,981 | 212,000 |
| Health insurance reserve | 37,138,101 | 27,245,876 | 45,674,404 | 41,253,193 | 41,405,333 | 46,419,807 | 124,217,838 | 114,918,876 |
| Other | - | - | - | - | - | - | - | - |
| Total restricted | 25,481,646 | 21,426,622 | 98,033,131 | 99,171,081 | 74,260,182 | 85,543,336 | 197,774,950 | 206,141,039 |
| Total current assets | \$ 347,092,062 | \$ 315,654,744 | \$ 863,847,076 | \$ 819,316,632 | \$ 808,175,519 | \$ 763,704,487 | \$ 2,019,114,637 | \$ 1,918,675,863 |
| Total assets | | | | | | | | |

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF NET ASSETS BY DEPARTMENT, CONTINUED
ENTERPRISE FUND
As of December 31, 2011 and 2010

| | Water System | | Sewerage System | | Drainage System | | Total | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| NET ASSETS AND LIABILITIES | | | | | | | | |
| Net assets. | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 287,286,958 | \$ 278,543,348 | \$ 602,534,196 | \$ 544,969,398 | \$ 714,882,723 | \$ 657,807,886 | \$ 1,604,703,877 | \$ 1,481,320,632 |
| Restricted for debt service | 7,393,084 | 7,428,697 | 25,643,883 | 25,346,183 | 100,575 | - | 33,137,542 | 32,774,880 |
| Unrestricted | (94,018,650) | (91,943,249) | (79,827,568) | (65,369,513) | 33,191,157 | 48,161,438 | (140,655,061) | (109,151,324) |
| Total net assets | 200,661,392 | 194,028,796 | 548,350,511 | 504,946,068 | 748,174,455 | 705,969,324 | 1,497,186,358 | 1,404,944,188 |
| Long-term liabilities | | | | | | | | |
| Claims payable | 953,814 | 1,434,123 | 953,813 | 1,434,123 | 953,814 | 1,434,123 | 2,861,441 | 4,302,369 |
| Net pension obligation | 2,867,620 | 1,563,527 | 2,997,566 | 1,693,473 | 3,023,146 | 1,719,051 | 8,888,332 | 4,976,053 |
| Other postretirement benefits liability | 16,035,150 | 13,464,195 | 13,056,803 | 10,485,847 | 11,590,001 | 9,119,045 | 40,781,954 | 33,069,087 |
| Bonds payable, net of current maturities | 31,744,520 | 31,272,800 | 149,300,417 | 161,722,197 | 17,630,000 | 18,990,000 | 198,674,937 | 213,984,997 |
| Special Community Disaster loan payable | 25,166,747 | 25,166,747 | - | - | - | - | 25,166,747 | 25,166,747 |
| Debt Service Assistance Fund loan payable, net of current maturities | 6,313,375 | 6,807,041 | 61,513,148 | 66,318,237 | 3,927,562 | 4,135,115 | 71,754,085 | 77,460,393 |
| Total long-term liabilities | 83,081,226 | 81,708,433 | 227,821,747 | 241,653,877 | 37,224,523 | 35,597,316 | 348,127,496 | 358,959,646 |
| Current liabilities (payable from current assets) | | | | | | | | |
| Accounts payable | 14,586,058 | 17,661,329 | 15,785,527 | 13,959,903 | 10,871,047 | 4,607,034 | 41,212,632 | 36,228,266 |
| Due to City of New Orleans | 107,442 | 107,414 | - | - | - | - | 107,442 | 107,414 |
| Due to other governments | 22,020,099 | 19,032,236 | 43,588,415 | 37,109,245 | 2,285,643 | 3,677,927 | 67,894,157 | 59,819,408 |
| Retainers and estimates payable | 1,602,446 | 765,411 | 1,522,348 | 1,173,324 | 169,174 | 32,076 | 3,293,968 | 1,970,811 |
| Due to other fund | 62,296 | 58,073 | 29,241 | 27,259 | 35,598 | 33,185 | 127,135 | 118,517 |
| Accrued salaries | 623,734 | 603,640 | 299,498 | 282,940 | 332,117 | 347,928 | 1,255,349 | 1,229,508 |
| Accrued vacation and sick pay | 4,398,319 | 4,399,771 | 3,293,503 | 3,337,895 | 2,574,008 | 2,530,668 | 10,265,830 | 10,268,334 |
| Claims payable | 3,995,631 | 3,832,495 | 3,484,733 | 3,391,425 | 4,559,676 | 9,504,042 | 12,040,040 | 16,727,962 |
| Debt Service Assistance Fund loan payable | 493,666 | - | 4,809,943 | - | 407,553 | - | 5,711,162 | - |
| Other liabilities | 3,709,314 | 2,953,195 | 9,912 | 2,430 | - | - | 3,719,226 | 2,955,625 |
| Total Current liabilities (payable from current assets) | 51,599,005 | 49,413,564 | 72,793,120 | 59,284,421 | 21,234,816 | 20,727,860 | 145,626,941 | 129,425,845 |
| Current liabilities (payable from restricted assets) | | | | | | | | |
| Accrued interest | 281,159 | 140,468 | 2,091,131 | 725,929 | 162,698 | 74,740 | 2,534,988 | 941,137 |
| Bonds payable | 2,389,000 | 2,245,000 | 12,400,000 | 11,815,000 | 1,560,000 | 1,300,000 | 16,149,000 | 15,360,000 |
| Retainers and estimates payable | 231,121 | 138,505 | 390,567 | 891,337 | 19,027 | 35,227 | 640,715 | 1,065,069 |
| Customer deposits | 8,849,159 | 7,979,978 | - | - | - | - | 8,849,159 | 7,979,978 |
| Total Current liabilities (payable from restricted assets) | 11,750,439 | 10,503,951 | 14,881,698 | 13,432,266 | 1,541,725 | 1,409,967 | 26,173,862 | 25,346,184 |
| Total current liabilities | 63,349,444 | 59,917,515 | 87,674,818 | 72,716,687 | 22,776,541 | 22,137,827 | 173,800,803 | 154,772,029 |
| Total liabilities | 146,430,670 | 141,625,948 | 315,496,565 | 314,370,564 | 60,001,064 | 57,735,163 | 521,928,299 | 513,731,675 |
| Total fund equity and liabilities | \$ 347,092,062 | \$ 333,654,744 | \$ 863,847,076 | \$ 819,316,632 | \$ 808,175,519 | \$ 763,704,487 | \$ 2,019,114,657 | \$ 1,918,675,863 |

See independent auditors' report

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BY DEPARTMENT
ENTERPRISE FUND

For the years ended December 31, 2011 and 2010

| | Water System | | Sewerage System | | Drainage System | | Total |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 |
| Operating revenues | | | | | | | |
| Sales of water and delinquent fees | \$ 59,890,312 | \$ 55,079,772 | \$ - | \$ - | \$ - | \$ - | \$ 59,890,312 |
| Sewerage service charges | - | - | 70,338,076 | 69,534,779 | - | - | 139,876,855 |
| Plumbing inspection and license fees | 379,036 | 372,213 | 379,036 | 373,213 | - | - | 758,072 |
| Other revenues | 4,429,221 | 3,243,693 | 3,044,483 | 260,785 | 1,107,419 | 1,196,275 | 8,581,123 |
| Total operating revenues | 64,698,569 | 58,695,678 | 73,781,595 | 70,168,777 | 1,107,419 | 1,196,275 | 139,876,855 |
| Operating Expenses | | | | | | | |
| Power and pumping | 3,912,898 | 4,176,876 | 2,354,371 | 2,797,723 | 5,320,345 | 5,632,232 | 11,787,614 |
| Treatment | 7,127,633 | 7,810,325 | 10,933,890 | 11,219,427 | - | - | 18,081,523 |
| Transmission and distribution | 18,217,656 | 6,995,089 | 7,116,146 | 6,914,020 | 1,882,233 | 2,006,252 | 27,216,035 |
| Customer accounts | 1,663,538 | 1,642,343 | 1,663,534 | 1,642,338 | 42,571 | 29,806 | 3,369,643 |
| Customer service | 1,660,052 | 1,693,171 | 1,660,048 | 1,693,167 | - | - | 3,353,218 |
| Administration and general | 7,091,120 | 6,932,782 | 3,841,388 | 4,789,797 | 5,121,646 | 4,337,453 | 16,014,154 |
| Payroll related | 13,354,243 | 12,937,592 | 11,496,836 | 11,083,024 | 9,919,360 | 9,595,009 | 34,770,439 |
| Maintenance of general plant | 13,529,390 | 15,177,778 | 3,861,581 | 3,638,180 | 9,794,266 | 9,641,268 | 25,185,237 |
| Depreciation | 13,793,325 | 13,948,198 | 9,907,267 | 9,978,797 | 11,071,687 | 11,289,616 | 34,772,279 |
| Amortization | 18,666 | 18,666 | 134,795 | 134,130 | 11,619 | 11,619 | 165,080 |
| Provision for doubtful accounts | 1,638,080 | 3,053,826 | (801,413) | 1,801,499 | 10,793 | - | 867,460 |
| Provision for claims | 120,697 | 813,654 | 25,847 | 583,421 | (4,826,998) | 1,780,630 | (4,680,454) |
| Total operating expenses | 80,147,298 | 75,700,900 | 52,414,290 | 56,225,723 | 38,347,522 | 44,332,914 | 170,909,110 |
| Operating income (loss) | (15,448,729) | (16,502,222) | 21,367,305 | 13,893,054 | (37,240,103) | (41,136,630) | (45,743,807) |
| Non-operating revenues (expenses) | | | | | | | |
| Three-mill tax | - | - | - | - | 11,129,376 | 10,378,060 | 21,507,436 |
| Six-mill tax | - | - | - | - | 11,242,927 | 10,498,580 | 21,741,507 |
| Nine-mill tax | - | - | - | - | 16,855,081 | 15,672,791 | 32,527,872 |
| Two-mill tax | - | - | - | - | 4,870 | 1,045 | 5,915 |
| Other taxes | 140,655 | 148,528 | 175,424 | 183,267 | - | - | 319,346 |
| Operating and maintenance grants | 11,514,936 | 6,251,855 | (35,272) | 2,957,463 | - | 158,622 | 11,447,119 |
| Interest income | 46,557 | 39,692 | 251,742 | 67,465 | 128,571 | 167,166 | 434,535 |
| Interest expense | (736,878) | (1,687,603) | - | - | - | - | (2,424,481) |
| Forgiveness of Community Disaster Loan (Note 6) | - | 19,890,437 | - | 14,303,443 | - | 7,044,330 | 31,238,210 |
| Total non-operating revenues | 10,865,270 | 24,642,909 | 301,894 | 17,713,638 | 39,360,823 | 43,920,754 | 86,277,141 |
| Income before capital contributions | (4,483,459) | 8,140,687 | 21,759,199 | 31,606,692 | 2,120,722 | 784,155 | 19,106,462 |
| Capital contributions | 11,116,035 | 23,636,362 | 21,645,244 | (7,721,824) | 40,084,409 | 33,044,410 | 72,845,708 |
| Change in net assets | 6,632,576 | 31,777,249 | 43,404,443 | 23,884,868 | 42,205,131 | 33,828,565 | 89,490,682 |
| Net assets, beginning of year as restated (Note 14) | 194,028,796 | 162,251,547 | 504,946,068 | 481,061,200 | 705,969,324 | 672,140,759 | 1,315,451,506 |
| Net assets, end of year | \$ 200,661,372 | \$ 194,028,796 | \$ 548,350,511 | \$ 504,946,068 | \$ 748,174,455 | \$ 705,969,324 | \$ 1,404,944,188 |

See independent auditors report

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT BY DEPARTMENT
As of December 31, 2011 and 2010

| | 2011 | | | |
|---|-----------------------|-----------------------|-----------------------|-------------------------|
| | Water | Sewer | Drainage | Total |
| Real estate rights, non depreciable | \$ 2,898,138 | \$ 1,716,892 | \$ 4,812,434 | \$ 9,427,464 |
| Power and pumping stations - buildings | 58,142,041 | 42,946,421 | 232,192,080 | 333,280,542 |
| Power and pumping stations - machinery | 114,173,118 | 29,677,840 | 99,677,658 | 243,528,616 |
| Distribution systems | 124,628,688 | - | - | 124,628,688 |
| Sewerage collection | - | 344,666,880 | - | 344,666,880 |
| Canals and subsurface drainage | - | - | 319,283,473 | 319,283,473 |
| Treatment plants | - | 139,877,046 | - | 139,877,046 |
| Connections and meters | 36,170,075 | 12,126,765 | - | 48,296,840 |
| Power transmission | 7,479,863 | 5,006,170 | 11,121,635 | 23,607,668 |
| General plant | 91,395,400 | 60,953,290 | 49,544,515 | 201,893,205 |
| General buildings | 2,525,548 | 1,093,325 | 3,967,674 | 7,586,547 |
| Total property, plant and equipment in service | 437,412,871 | 638,064,629 | 720,599,469 | 1,796,076,969 |
| Construction in progress | 162,587,266 | 316,762,303 | 251,045,729 | 730,395,298 |
| Total property, plant and equipment | 600,000,137 | 954,826,932 | 971,645,198 | 2,526,472,267 |
| Accumulated depreciation | 278,598,573 | 190,736,062 | 237,785,586 | 707,120,221 |
| Net property, plant and equipment | \$ 321,401,564 | \$ 764,090,870 | \$ 733,859,612 | \$ 1,819,352,046 |

| | 2010 | | | |
|---|-----------------------|-----------------------|-----------------------|-------------------------|
| | Water | Sewer | Drainage | Total |
| Real estate rights, non depreciable | \$ 2,898,138 | \$ 1,716,892 | \$ 4,810,948 | \$ 9,425,978 |
| Power and pumping stations - buildings | 58,131,001 | 42,287,733 | 230,602,434 | 331,021,168 |
| Power and pumping stations - machinery | 113,899,502 | 29,648,930 | 99,223,416 | 242,771,848 |
| Distribution systems | 125,323,381 | - | - | 125,323,381 |
| Sewerage collection | - | 329,292,709 | - | 329,292,709 |
| Canals and subsurface drainage | - | - | 318,060,376 | 318,060,376 |
| Treatment plants | - | 139,681,699 | - | 139,681,699 |
| Connections and meters | 34,300,910 | 12,125,346 | - | 46,426,256 |
| Power transmission | 7,479,863 | 5,006,170 | 11,121,635 | 23,607,668 |
| General plant | 91,395,400 | 60,953,290 | 49,560,101 | 201,908,791 |
| General buildings | 2,525,548 | 1,093,325 | 3,967,674 | 7,586,547 |
| Total property, plant and equipment in service | 435,953,743 | 621,806,094 | 717,346,584 | 1,775,106,421 |
| Construction in progress | 143,671,609 | 279,358,227 | 187,476,709 | 610,506,545 |
| Total property, plant and equipment | 579,625,352 | 901,164,321 | 904,823,293 | 2,385,612,966 |
| Accumulated depreciation | 265,624,748 | 182,798,896 | 226,729,485 | 675,153,129 |
| Net property, plant and equipment | \$ 314,000,604 | \$ 718,365,425 | \$ 678,093,808 | \$ 1,710,459,837 |

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SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF BONDS PAYABLE
For the year ended December 31, 2011

| | Annual Interest Rates | Interest Payment Dates | Issue Date | Final Maturity Date | Outstanding as of 12/31/2010 | New Debt as of 2011 | Payments in 2011 | Outstanding as of 12/31/2011 |
|---------------------------------------|-----------------------|------------------------|------------|---------------------|------------------------------|---------------------|------------------|------------------------------|
| Drainage System Bonds, 1998 (9 Mills) | 4.84% | (6/1/12/1) | 12/01/98 | 12/01/18 | \$ 5,135,000 | \$ - | \$ 545,000 | \$ 4,610,000 |
| Drainage System Bonds 2002 (9 Mills) | 4.46% | (6/1/12/1) | 10/01/02 | 12/01/22 | 15,135,000 | - | 755,000 | 14,380,000 |
| | | | | | 20,270,000 | - | 1,300,000 | 18,970,000 |
| Sewer Revenue Bonds, 1997 | 5.36% | (6/1/12/1) | 06/01/97 | 06/01/17 | 14,460,000 | - | 1,745,000 | 12,715,000 |
| Sewer Revenue Bonds, 1998 | 4.82% | (6/1/12/1) | 12/01/98 | 06/01/18 | 13,040,000 | - | 1,380,000 | 11,660,000 |
| Sewer Revenue Bonds, 2000 | 5.48% | (6/1/12/1) | 05/01/00 | 06/01/20 | 17,195,000 | - | 1,305,000 | 15,890,000 |
| Sewer Revenue Bonds 2000-B | 5.43% | (6/1/12/1) | 11/01/00 | 06/01/20 | 13,060,000 | - | 1,005,000 | 12,055,000 |
| Sewer Revenue Bonds, 2001 | 5.02% | (6/1/12/1) | 12/01/01 | 06/01/21 | 21,530,000 | - | 1,545,000 | 19,985,000 |
| Sewer Revenue Bonds, 2002 | 4.36% | (6/1/12/1) | 12/01/02 | 06/01/22 | 41,105,000 | - | 2,510,000 | 38,595,000 |
| Sewer Revenue Bonds 2003 | 3.94% | (6/1/12/1) | 12/03/03 | 06/01/23 | 4,025,000 | - | 245,000 | 3,780,000 |
| Sewer Revenue Bonds 2004 | 4.26% | (6/1/12/1) | 12/01/04 | 06/01/24 | 25,690,000 | - | 1,375,000 | 24,315,000 |
| Sewer Revenue Bonds, 2009 | 6.68% | (6/1/12/1) | 12/01/09 | 06/01/29 | 22,695,000 | - | 705,000 | 21,990,000 |
| Sewer Revenue Bonds, 2011 | 0.95% | (1/1-12/1) | 12/01/11 | 12/01/22 | - | 98,375 | - | 98,375 |
| | | | | | 172,800,000 | 98,375 | 11,815,000 | 161,083,375 |
| Water Revenue Bonds, 1998 | 4.82% | (6/1/12/1) | 12/01/98 | 12/01/18 | 8,345,000 | - | 885,000 | 7,460,000 |
| Water Revenue Bonds, 2002 | 4.57% | (6/1/12/1) | 10/01/02 | 12/01/22 | 26,290,000 | - | 1,335,000 | 24,955,000 |
| LADHH Loan Revenue Bonds, 2010A | 2.99% | (2/1) | 02/11/10 | 02/01/20 | 34,875 | 594,252 | 1,000 | 628,127 |
| LADHH Loan Revenue Bonds, 2010B | 2.95% | (2/1) | 02/11/10 | 02/01/20 | 593,967 | 501,740 | 24,000 | 875,707 |
| | | | | | 35,267,842 | 895,992 | 2,245,000 | 33,918,834 |
| TOTAL | | | | | \$ 228,357,842 | \$ 994,367 | \$ 15,360,000 | \$ 213,992,209 |

See independent auditors report

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
DEBT SERVICE AND DEBT SERVICE RESERVE
REQUIRED BY BOND RESOLUTION
For the year ended December 31, 2011

| | Debt Service Account | | | | | Debt Service Reserve Accounts | | | |
|--|---------------------------|---------------------------|------------------------------|--------------------------------|---------------------------|-------------------------------|---------------------------|---------------------------|---------------|
| | Water Revenue Bonds | Sewer Revenue Bonds | Drainage Revenue Bonds | LADHH Loan Revenue Bonds | LADEQ Revenue Bonds | Total | Water Revenue Bonds | Sewer Revenue Bonds | Total |
| Cash and investments at beginning of year | \$ 1 108,247 | \$ 9,182,059 | \$ - | \$ 2,392,070 | \$ - | \$ 12,682,376 | \$ 3,928,380 | \$ 16 164 124 | \$ 20 092,504 |
| Cash receipts | | | | | | | | | |
| Bond proceeds and accrued interest | - | - | - | - | 98,375 | 98,375 | - | - | - |
| Transfers from operating cash | 3 919 592 | 20 599 226 | 2 297 467 | 6 655 | - | 26 822 940 | - | - | - |
| and debt service reserve | - | - | - | 5 153 | - | 5 153 | - | - | - |
| Excess debt service reserve fund applied to BIANS 2006 Maturity | - | - | - | - | - | - | - | - | - |
| Total cash and investments | \$ 5 027 839 | \$ 29 781 285 | \$ 2 297 467 | \$ 2 403 878 | \$ 98 375 | \$ 39 608 844 | \$ 3 928 380 | \$ 16 164 124 | \$ 20 092 504 |
| Cash disbursements | | | | | | | | | |
| Principal and interest payments, cost of issuance and transfers | 3,922 467 | 20,322 155 | 2,196 892 | 44 545 | 77 747 | 26 563 806 | - | - | - |
| Total cash disbursements | 3 922 467 | 20 322 155 | 2 196 892 | 44 545 | 77 747 | 26 563 806 | - | - | - |
| Cash and investments at end of year | \$ 1 105,372 | \$ 9,459,130 | \$ 100 575 | \$ 2,359,333 | \$ 20 628 | \$ 13 045 038 | \$ 3 928 380 | \$ 16 164 124 | \$ 20 092 504 |

See independent auditors' report

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CHANGES IN SELF-INSURANCE LIABILITIES BY DEPARTMENT
For the year ended December 31, 2011

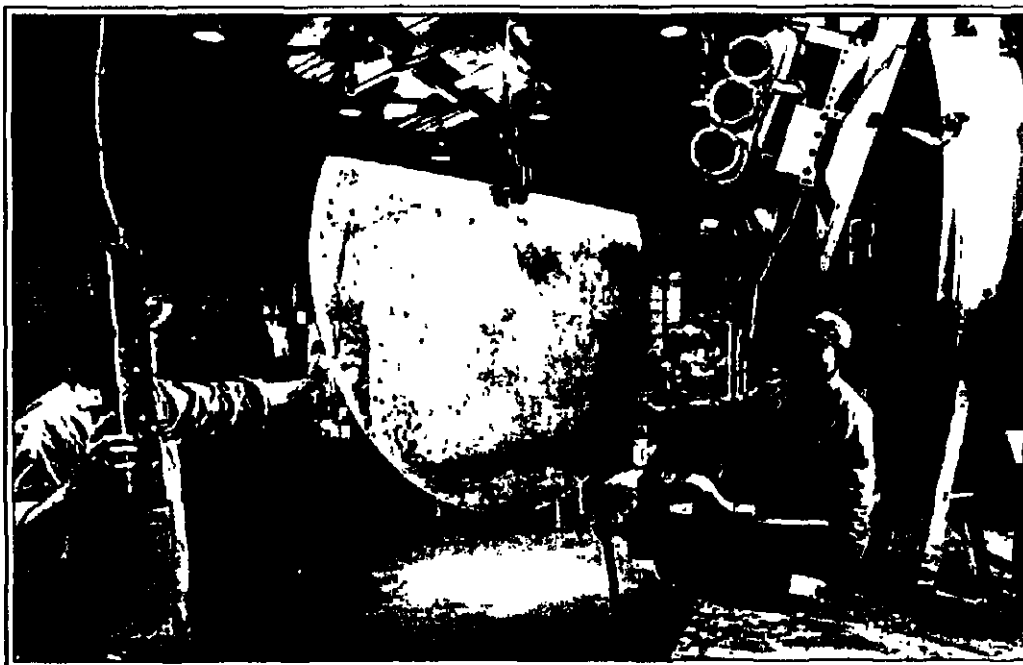
| | <u>Beginning of Year</u> | <u>Current Year Claims and Estimate Change</u> | <u>Payments</u> | <u>End of Year</u> |
|------------------------|----------------------------------|--|----------------------|------------------------|
| <u>WATER</u> | | | | |
| Short-term | | | | |
| Workers' compensation | \$ 440,807 | \$ 857,831 | \$ 936,854 | \$ 361,784 |
| Health insurance | 623,833 | 4,964,274 | 4,890,274 | 697,833 |
| General liability | 2,767,855 | 223,483 | 55,324 | 2,936,014 |
| Total short-term | <u>3,832,495</u> | <u>6,045,588</u> | <u>5,882,452</u> | <u>3,995,631</u> |
| Long-term | | | | |
| Workers' compensation | 1,434,123 | (480,309) | - | 953,814 |
| Total long-term | <u>1,434,123</u> | <u>(480,309)</u> | <u>-</u> | <u>953,814</u> |
| Total | <u>\$ 5,266,618</u> | <u>\$ 5,565,279</u> | <u>\$ 5,882,452</u> | <u>\$ 4,949,445</u> |
| <u>SEWERAGE</u> | | | | |
| Short-term | | | | |
| Workers' compensation | \$ 440,807 | \$ 857,834 | \$ 936,859 | \$ 361,782 |
| Health insurance | 623,833 | 4,147,953 | 4,073,953 | 697,833 |
| General liability | 2,326,785 | 128,632 | 30,300 | 2,425,117 |
| Total short-term | <u>3,391,425</u> | <u>5,134,419</u> | <u>5,041,112</u> | <u>3,484,732</u> |
| Long-term | | | | |
| Workers' compensation | 1,434,123 | (480,309) | - | 953,814 |
| Total long-term | <u>1,434,123</u> | <u>(480,309)</u> | <u>-</u> | <u>953,814</u> |
| Total | <u>\$ 4,825,548</u> | <u>\$ 4,654,110</u> | <u>\$ 5,041,112</u> | <u>\$ 4,438,546</u> |
| <u>DRAINAGE</u> | | | | |
| Short-term | | | | |
| Workers' compensation | \$ 440,807 | \$ 857,831 | \$ 936,855 | \$ 361,783 |
| Health insurance | 623,833 | 3,475,413 | 3,401,413 | 697,833 |
| General liability | 8,439,403 | (4,724,212) | 215,131 | 3,500,060 |
| Total short-term | <u>9,504,043</u> | <u>(390,968)</u> | <u>4,553,399</u> | <u>4,559,676</u> |
| Long-term | | | | |
| Workers' compensation | 1,434,123 | (480,309) | - | 953,814 |
| Total long-term | <u>1,434,123</u> | <u>(480,309)</u> | <u>-</u> | <u>953,814</u> |
| Total | <u>\$ 10,938,166</u> | <u>\$ (871,277)</u> | <u>\$ 4,553,399</u> | <u>\$ 5,513,490</u> |
| <u>TOTAL</u> | | | | |
| Short-term | | | | |
| Workers' compensation | \$ 1,322,421 | \$ 2,573,496 | \$ 2,810,568 | \$ 1,085,349 |
| Health insurance | 1,871,499 | 12,587,640 | 12,365,640 | 2,093,499 |
| General liability | 13,534,043 | (4,372,097) | 300,755 | 8,861,191 |
| Total short-term | <u>16,727,963</u> | <u>10,789,039</u> | <u>15,476,963</u> | <u>12,040,039</u> |
| Long-term | | | | |
| Workers' compensation | 4,302,369 | (1,440,927) | - | 2,861,442 |
| Total long-term | <u>4,302,369</u> | <u>(1,440,927)</u> | <u>-</u> | <u>2,861,442</u> |
| Total | <u>\$ 21,030,332</u> | <u>\$ 9,348,112</u> | <u>\$ 15,476,963</u> | <u>\$ 14,901,481</u> |

See independent auditors' report.

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The Sewerage & Water Board's staff is constantly developing and exploring new processes to improve its operations. One such project is underway at the Carrollton Water Purification Plant. The Sodium Hypochlorite Bulk Storage/Feed Facility is set for completion in April of 2012. It will eliminate the need for transporting chlorine by rail and storing it on the plant grounds. Instead, the Board will be use the safer sodium hypochlorite for disinfectant in the purification process and easily store it in a nearby facility. This chemical increases safety for surrounding neighborhoods and Board employees.



The men and women of the Board's Welding and Fabrication Shop have the capability and expertise to manufacture parts for some of the aging, yet reliable Board systems. Many of the parts are either no longer made or too expensive to job out or buy "from the shelf." So the work of the Shop not only re-create parts to exacting specifications, but its team of craftsmen can also save money for the Board.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SUMMARY OF STATISTICAL INFORMATION
December 31, 2011
(Unaudited)

This part of the Board's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statement, note disclosure, and required supplementary information says about the Board's overall financial health

Financial Trends

These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time

Revenue Capacity

These schedules contain information to help the reader assess the Board's most significant local revenue source, the property tax

Debt Capacity

These schedules present information to help the reader assess the affordability of the Board's current levels of outstanding debt and the Board's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Board's financial report relates to the services the Board provides and the activities it performs

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SEWERAGE AND WATER BOARD OF NEW ORLEANS
NET ASSETS BY COMPONENT
Last Ten Fiscal Years
(Unaudited - accrual basis of accounting)

| | Year | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets - | | | | | | | | | | |
| net of related debt | \$ 1,604,703,877 | \$ 1,481,370,632 | \$ 1,367,170,463 | \$ 1,306,083,162 | \$ 1,265,078,240 | \$ 1,193,197,682 | \$ 1,092,139,700 | \$ 1,083,334,440 | \$ 1,041,213,409 | \$ 967,763,494 |
| Restricted For | | | | | | | | | | |
| Debt service | 33,137,542 | 32,774,880 | 30,040,670 | 12,075,521 | 27,985,164 | 26,803,911 | 21,768,747 | 28,817,876 | 25,149,292 | 23,291,960 |
| Capital projects | (140,655,061) | (109,151,324) | (81,717,627) | (89,154,640) | (7,814,567) | 3,614,224 | 41,752,104 | 65,900,450 | 70,994,095 | 76,158,911 |
| Total restricted for net assets | (107,517,519) | (76,376,444) | (51,676,957) | (57,079,119) | 20,371,597 | 30,418,135 | 63,520,851 | 94,718,326 | 96,343,387 | 99,450,871 |
| Total business-type activities net assets | \$ 1,497,186,358 | \$ 1,404,994,188 | \$ 1,315,493,506 | \$ 1,249,004,043 | \$ 1,285,649,837 | \$ 1,223,615,817 | \$ 1,155,660,551 | \$ 1,180,072,766 | \$ 1,137,556,796 | \$ 1,067,214,365 |

Source: Audited Comprehensive Annual Financial Reports - Information available for nine years

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CHANGES IN NET ASSETS BY COMPONENT
Last Ten Fiscal Years
(Unaudited - accrual basis of accounting)

| | 2018 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Operating revenues | | | | | | | | | | |
| Sales of water and delinquent fees | \$ 59,890,312 | \$ 51,079,772 | \$ 50,677,054 | \$ 49,995,732 | \$ 37,795,522 | \$ 33,799,760 | \$ 38,727,266 | \$ 54,214,144 | \$ 54,997,831 | \$ 51,415,048 |
| Sewerage service charges | 70,351,076 | 69,534,779 | 66,102,946 | 61,877,346 | 68,804,547 | 62,657,636 | 57,329,963 | 72,232,114 | 62,323,695 | 59,455,291 |
| Plumbing inspection and license fees | 958,072 | 748,426 | 484,448 | 570,504 | 542,340 | 590,342 | 175,360 | 215,642 | 219,347 | 219,347 |
| Other revenue | 8,381,721 | 4,702,753 | 3,814,564 | 2,487,983 | 2,927,070 | 3,290,683 | 3,171,703 | 3,343,868 | 2,095,803 | 1,814,931 |
| Total operating revenues | 139,581,583 | 130,065,730 | 121,079,012 | 108,951,565 | 109,569,479 | 100,338,321 | 99,404,192 | 130,065,278 | 119,637,915 | 109,902,660 |
| Operating Expenses | | | | | | | | | | |
| Power and pumping | 11,787,614 | 12,606,851 | 12,950,788 | 14,178,641 | 15,041,954 | 11,576,640 | 11,818,104 | 22,334,434 | 19,359,095 | 16,253,348 |
| Treatment | 18,081,523 | 19,029,752 | 19,910,537 | 18,243,782 | 16,280,975 | 13,518,870 | 13,736,515 | 17,131,922 | 17,073,547 | 15,515,583 |
| Transmission and distribution | 27,216,035 | 15,915,261 | 21,466,523 | 18,994,209 | 19,832,326 | 13,845,799 | 18,432,331 | 20,846,081 | 20,324,308 | 18,233,083 |
| Customer accounts | 3,665,641 | 3,314,687 | 3,044,956 | 2,719,594 | 2,990,092 | 1,916,612 | 2,419,631 | 2,625,751 | 2,313,486 | 2,164,764 |
| Customer service | 3,320,100 | 3,388,338 | 3,417,239 | 3,323,696 | 2,670,145 | 2,562,250 | 2,645,604 | 2,853,631 | 2,871,025 | 2,751,763 |
| Payroll related | 16,054,154 | 16,060,072 | 13,504,125 | 15,175,190 | 14,899,028 | 13,714,644 | 12,130,773 | 14,978,964 | 12,534,252 | 14,463,064 |
| Administration and general | 34,770,439 | 33,616,925 | 35,085,953 | 31,549,622 | 28,259,815 | 17,914,694 | 19,780,248 | 18,794,864 | 16,697,287 | 16,073,073 |
| Maintenance of general plant | 23,145,237 | 28,497,228 | 24,828,902 | 33,455,074 | 24,993,626 | 23,344,667 | 27,991,490 | 10,764,556 | 10,563,936 | 10,020,846 |
| Depreciation | 34,772,279 | 35,316,611 | 34,692,628 | 31,546,017 | 23,377,733 | 28,705,459 | 39,187,670 | 18,600,928 | 35,480,935 | 34,551,459 |
| Amortization | 165,080 | 164,415 | 140,917 | 158,019 | 158,019 | 208,045 | 360,445 | 295,156 | 188,128 | 130,304 |
| Provision for doubtful accounts | 867,460 | 4,855,325 | 889,811 | (12,325,325) | 12,013,283 | 22,235,906 | 6,582,463 | 2,718,176 | 1,842,731 | 1,842,958 |
| Provision for claims | (4,680,451) | 3,186,714 | 58,869 | 517,463 | (1,448,963) | 2,638,652 | 7,589,990 | 2,846,894 | 3,673,192 | 4,934,365 |
| Total operating expenses | 170,909,110 | 175,809,537 | 169,991,239 | 157,703,484 | 159,647,891 | 152,017,287 | 162,369,426 | 154,833,937 | 143,095,962 | 137,117,210 |
| Operating loss | (31,327,527) | (45,743,807) | (48,912,227) | (48,751,919) | (50,078,412) | (51,678,966) | (62,965,234) | (24,770,664) | (23,457,049) | (28,214,550) |
| Non-operating revenues (expenses) | | | | | | | | | | |
| Two-draft tax | 4,870 | 1,945 | 10,302,345 | 11,294,822 | 120 | 3,699 | 1,407 | 5,192 | 7,421 | 5,054 |
| Three-draft tax | 11,125,376 | 10,378,060 | 10,410,528 | 11,084,381 | 10,381,155 | 9,642,028 | 12,590,040 | 12,197,359 | 11,971,057 | 10,312,646 |
| Satellite tax | 11,242,927 | 10,498,580 | 10,410,528 | 11,084,381 | 10,381,155 | 9,642,028 | 12,590,040 | 12,197,359 | 11,971,057 | 10,312,646 |
| Non-draft tax | 16,839,081 | 15,672,797 | 15,485,000 | 17,087,232 | 15,773,690 | 13,646,249 | 19,787,787 | 18,502,092 | 16,723,835 | 15,946,583 |
| Other taxes | 316,079 | 333,795 | 371,006 | 515,735 | 443,122 | 634,321 | 631,818 | 744,322 | 770,663 | 792,883 |
| Operating and maintenance grants | 11,479,644 | 9,367,940 | 19,373,185 | (7,973) | 1,777,188 | 35,013,143 | 9,338,538 | - | - | - |
| Interest income | 428,870 | 274,323 | 885,723 | 3,543,564 | 5,826,769 | 4,115,003 | 3,291,439 | 1,352,425 | 1,021,593 | 1,616,307 |
| Interest expense | (746,878) | (1,687,603) | (1,766,553) | (1,720,030) | 205,995 | 2,303,397 | (55,909,282) | - | - | - |
| Forgiveness of Community Disaster Loan | - | 61,438,410 | - | - | (2,443,412) | (252,405) | (2,992) | - | - | - |
| Total non-operating revenues (expenses) | 50,217,989 | 86,277,341 | 55,061,460 | 42,039,732 | 42,477,366 | 74,988,452 | 3,201,458 | 45,161,694 | 40,743,760 | 99,240,517 |
| Income (loss) before capital contributions | 19,396,462 | (40,531,534) | 6,166,783 | (6,711,177) | (7,921,046) | 23,309,531 | (59,763,776) | 20,291,010 | 17,237,771 | 11,005,967 |
| Capital contributions | 72,845,708 | 48,959,143 | 60,298,230 | (29,931,607) | 71,955,106 | 42,645,235 | 35,351,561 | 22,124,960 | 53,054,636 | 55,785,907 |
| Change in net assets | 92,242,170 | 89,490,682 | 66,447,463 | (36,641,794) | 64,034,020 | 63,955,566 | (24,412,215) | 42,315,970 | 70,342,427 | 46,791,874 |
| Net assets | 1,404,044,128 | 1,313,452,506 | 1,249,006,043 | 1,285,449,837 | 1,221,615,817 | 1,155,660,531 | 1,180,073,766 | 1,137,556,796 | 1,007,214,269 | 1,020,422,495 |
| Beginning of year | 1,404,044,128 | 1,313,452,506 | 1,249,006,043 | 1,285,449,837 | 1,221,615,817 | 1,155,660,531 | 1,180,073,766 | 1,137,556,796 | 1,007,214,269 | 1,020,422,495 |
| End of year | \$ 1,497,186,318 | \$ 1,404,944,128 | \$ 1,315,453,506 | \$ 1,285,449,837 | \$ 1,221,615,817 | \$ 1,155,660,531 | \$ 1,180,073,766 | \$ 1,137,556,796 | \$ 1,007,214,269 | \$ 1,020,422,495 |

Source: Audited Comprehensive Annual Financial Reports Information is available for new years

SEWERAGE AND WATER BOARD OF NEW ORLEANS
REVENUE AND EXPENSES BY SOURCE
ENTERPRISE FUND
Last Ten Years
(Unaudited)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenues | | | | | | | | | | |
| Charges for service | \$ 107,087,709 | \$ 117,542,168 | \$ 126,719,403 | \$ 96,232,189 | \$ 97,047,638 | \$ 106,642,409 | \$ 106,463,582 | \$ 117,264,448 | \$ 125,360,977 | \$ 131,006,460 |
| Dedicated taxes | 36,826,269 | 38,936,031 | 43,059,755 | 45,850,170 | 33,171,329 | 36,667,784 | 39,702,436 | 36,198,099 | 36,349,431 | 39,227,384 |
| Tire-mill tax | 5,058 | 7,423 | 5,192 | 1,107 | 3,699 | 120 | - | 885,723 | 1,045 | 4,870 |
| Interest on investments | 1,616,307 | 1,031,593 | 1,352,425 | 3,291,489 | 4,115,003 | 5,826,769 | 3,545,564 | 274,323 | 274,323 | 426,870 |
| Other taxes and revenue | 2,607,834 | 2,868,468 | 4,088,190 | 13,142,049 | 38,938,147 | 5,147,380 | 2,999,745 | 23,538,755 | 55,842,898 | 20,376,866 |
| | <u>\$ 148,143,177</u> | <u>\$ 160,383,733</u> | <u>\$ 175,224,967</u> | <u>\$ 158,317,904</u> | <u>\$ 173,275,816</u> | <u>\$ 154,284,462</u> | <u>\$ 152,711,327</u> | <u>\$ 177,907,025</u> | <u>\$ 218,028,674</u> | <u>\$ 191,042,450</u> |
| Expenses | | | | | | | | | | |
| Personnel services* | \$ 47,719,045 | \$ 49,759,541 | \$ 52,958,446 | \$ 58,322,684 | \$ 49,118,747 | \$ 61,421,931 | \$ 68,605,280 | \$ 74,540,678 | \$ 72,725,464 | \$ 73,834,142 |
| Services and utilities | 40,228,571 | 46,120,890 | 48,738,878 | 45,606,037 | 43,170,196 | 52,966,504 | 56,428,587 | 50,787,395 | 47,125,394 | 42,417,785 |
| Materials and supplies | 7,730,507 | 5,988,505 | 8,537,479 | 5,020,134 | 5,649,827 | 9,879,426 | 12,603,961 | 8,880,950 | 12,535,610 | 23,532,818 |
| Depreciation and amortization | 34,681,763 | 35,669,083 | 38,896,084 | 39,548,115 | 29,063,914 | 25,535,752 | 31,704,036 | 34,833,545 | 35,381,030 | 34,917,359 |
| Provision for doubtful accounts | 1,842,958 | 1,884,751 | 2,718,176 | 6,382,465 | 22,355,906 | 12,613,283 | (12,225,825) | 889,811 | 4,855,325 | 867,460 |
| Provision for claims | 4,934,366 | 3,673,192 | 2,886,894 | 7,289,990 | 2,658,657 | (2,448,965) | 587,465 | 58,860 | 3,186,714 | (4,680,454) |
| Hurricane Loss | - | - | - | 55,909,262 | (2,303,397) | (205,995) | - | - | - | - |
| Interest | - | - | - | 2,993 | 252,435 | 2,443,612 | 1,720,030 | 1,766,553 | 1,687,603 | 736,878 |
| | <u>\$ 137,137,210</u> | <u>\$ 143,095,962</u> | <u>\$ 154,833,957</u> | <u>\$ 218,281,680</u> | <u>\$ 149,966,285</u> | <u>\$ 162,205,548</u> | <u>\$ 159,423,514</u> | <u>\$ 171,757,792</u> | <u>\$ 177,497,140</u> | <u>\$ 171,643,988</u> |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited - amounts in thousands)

| <u>Fiscal Year</u> | <u>Net Assessed Value</u> | | <u>Total Net Assessed Value</u> | <u>Total Estimated Actual Value (1)</u> | <u>Ratio of Total Net Assessed to Total Estimated Actual Value</u> |
|------------------------|---------------------------|--------------------------|-------------------------------------|---|--|
| | <u>Real Estate</u> | <u>Personal Property</u> | | | |
| 2002 | 1,231,764 | 619,368 | 1,851,132 | 14,687,067 | 12.6% |
| 2003 | 1,248,743 | 650,595 | 1,899,338 | 15,040,781 | 12.6% |
| 2004 | 1,423,261 | 679,826 | 2,103,087 | 16,731,518 | 12.6% |
| 2005 | 1,492,750 | 620,797 | 2,113,547 | 16,774,183 | 12.6% |
| 2006 | 1,103,604 | 565,287 | 1,668,891 | 13,245,167 | 12.6% |
| 2007 | 1,362,097 | 483,200 | 1,845,297 | 14,645,214 | 12.6% |
| 2008 | 2,004,624 | 539,492 | 2,544,116 | 20,698,664 | 12.3% |
| 2009 | 2,042,426 | 557,039 | 2,599,465 | 21,974,841 | 11.8% |
| 2010 | 2,489,813 | 387,334 | 2,877,147 | 21,974,841 | 13.1% |
| 2011 | 2,584,334 | 385,700 | 2,970,034 | 21,974,841 (2) | 13.5% |

Source: City of New Orleans

(1) Amounts are net of the homestead exemption

(2) Latest date available for total estimated actual value is 2009.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Fiscal Years
 (Unaudited)

Number of Mills
 (Per \$1,000 of assessed value)

| Fiscal Year | City of New Orleans | Orleans Levee Board | | Orleans Levee District | | Orleans Levee District Westbank | | Sewerage & Water Board of New Orleans | Orleans Parish School Board | Audubon Park & Zoo | Total |
|-------------|---------------------|---------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------------|-----------------------------|--------------------|--------|
| | | Orleans Levee Board | Orleans Levee District Eastbank | Orleans Levee District Westbank | Orleans Levee District Westbank | Orleans Levee District Westbank | Orleans Levee District Westbank | | | | |
| 2002 | 77 09 | 12 01 | 0*** | 0*** | 0*** | 0*** | 0*** | 22 59** | 52 98 | 4 55 | 169 97 |
| 2003 | 78 59 | 12 01 | 0*** | 0*** | 0*** | 0*** | 0*** | 22 59** | 52 83 | 4 55 | 171 32 |
| 2004 | 78 59 | 12 76 | 0*** | 0*** | 0*** | 0*** | 0*** | 22 59** | 52 80 | 4 55 | 171 29 |
| 2005 | 78 59 | 12 76 | 0*** | 0*** | 0*** | 0*** | 0*** | 22 59** | 52 80 | 4 55 | 171 29 |
| 2006 | 89 89 | 12 76 | 0*** | 0*** | 0*** | 0*** | 0*** | 22 59** | 58 55 | 4 55 | 188 34 |
| 2007 | 82 39 | 12 76 | 0*** | 0*** | 0*** | 0*** | 0*** | 22 59** | 52 90 | 4 55 | 175 19 |
| 2008 | 61 34 | 0*** | 9 65 | 9 28 | 9 28 | 9 28 | 9 28 | 16 43** | 38 47 | 3 31 | 129 20 |
| 2009 | 61 34 | 0*** | 10 95 | 10 95 | 9 28 | 9 28 | 9 28 | 16 03** | 38 47 | 3 31 | 130 10 |
| 2010 | 64 31 | 0*** | 11 67 | 11 67 | 12 76 | 12 76 | 12 76 | 16 43** | 44 12 | 3 31 | 140 93 |
| 2011 | 72 05 | 0*** | 11 67 | 11 67 | 12 76 | 12 76 | 12 76 | 16 43** | 44 12 | 3 31 | 148 67 |

Source City of New Orleans

*The Homestead Exemption is not allowed for the new 9-Mill Police and Fire Tax

**3 mills adopted in 1967 Expires in 2017

**6 mills adopted in 1978 Expires in 2027

**9 mills adopted in 1982 expires in 2032

***Special millage beginning in 2008 and no longer City-wide

SEWERAGE AND WATER BOARD OF NEW ORLEANS
TEN LARGEST TAXPAYERS
December 31, 2011 and Nine Years Ago
(Unaudited)

| <u>Name of Taxpayer</u> | <u>Type of Business</u> | <u>2011 Assessed Value</u> | <u>Percentage of Total Assessed Value</u> |
|---------------------------|-------------------------|------------------------------------|---|
| Entergy Service | Utility | 84,317,730 | 3.06% |
| AT&T | Telephone Utility | 53,603,130 | 1.95% |
| Harrah's Entertainment | Casino | 41,061,430 | 1.49% |
| Capital One Bank | Bank | 28,517,480 | 1.03% |
| International Rivercenter | Shopping Mall, Hotel | 17,466,490 | 0.63% |
| Whitney Bank | Bank | 17,009,680 | 0.62% |
| JP Morgan Chase Bank | Bank | 15,311,260 | 0.56% |
| W H Holdings LLC | Commercial Real Estate | 15,000,650 | 0.54% |
| C S & M Associates | Commercial Real Estate | 14,653,300 | 0.53% |
| Marriott Hotel Properties | Hotel | 14,101,306 | 0.51% |
| | | <u>\$ 301,042,456</u> | <u>10.92%</u> |

| <u>Name of Taxpayer</u> | <u>Type of Business</u> | <u>2002 (*) Assessed Value</u> | <u>Percentage of Total Assessed Value</u> |
|------------------------------|-------------------------|--|---|
| Entergy Service | Utility | \$ 75,365,530 | 4.16% |
| BellSouth Telecommunications | Telephone Utility | 60,994,780 | 3.37% |
| Hibernia National Bank | Bank | 42,610,750 | 2.35% |
| Bank One | Bank | 32,623,813 | 1.80% |
| Whitney National Bank | Bank | 24,145,763 | 1.33% |
| Harrah's Entertainment | Casino | 23,945,540 | 1.32% |
| Tenet | Health & Hospital | 18,318,865 | 1.01% |
| International River Center | Shopping Mall, Hotel | 14,241,180 | 0.79% |
| Marriott Hotel Properties | Hotel | 13,727,520 | 0.76% |
| C S & M Associates | Commercial Real Estate | 11,462,858 | 0.63% |
| | | <u>\$ 317,436,599</u> | <u>17.52%</u> |

(*) The latest date available for the Ten Largest Taxpayers in the City of New Orleans is for the year ended December 31, 2002

Source City of New Orleans

SEWERAGE AND WATER BOARD OF NEW ORLEANS
PROPERTY TAX
LEVIES AND COLLECTIONS BY THE CITY OF NEW ORLEANS
Last Ten Fiscal Years
(Unaudited - Amounts in Thousands)

| Fiscal Year | Total Levied | Collected Through December 31, 2011 | | Balance Outstanding December 31, 2011 | | Collected during 2011 | |
|-------------------------|--------------|--|---------|--|---------|--------------------------|--------|
| | | Amount | Percent | Amount | Percent | Amount | |
| Real Estate Taxes | | | | | | | |
| 2002 | 214,088 | 211,627 | 98.85 | 2,461 | 1.15 | 128 | |
| 2003 | 217,039 | 214,658 | 98.90 | 2,381 | 1.10 | 48 | |
| 2004 | 247,328 | 244,212 | 98.74 | 3,116 | 1.26 | 72 | |
| 2005 | 267,327 | 262,927 | 98.35 | 4,400 | 1.65 | 169 | |
| 2006 | 219,991 | 216,541 | 98.43 | 3,450 | 1.57 | 348 | |
| 2007 | 250,462 | 244,845 | 97.76 | 5,617 | 2.24 | 672 | |
| 2008 | 269,746 | 264,267 | 97.97 | 5,479 | 2.03 | 1,034 | |
| 2009 | 275,869 | 270,133 | 97.92 | 5,736 | 2.08 | 1,751 | |
| 2010 | 309,800 | 301,806 | 97.42 | 7,994 | 2.58 | 10,728 | |
| 2011 | 339,370 | 320,437 | 94.42 | 18,933 | 5.58 | 320,437 | |
| Personal Property Taxes | | | | | | | |
| 2002 | * | 105,378 | 96,730 | 91.79 | 8,648 | 8.21 | - |
| 2003 | * | 110,691 | 103,756 | 93.73 | 6,935 | 6.27 | - |
| 2004 | * | 115,676 | 109,234 | 94.43 | 6,442 | 5.57 | - |
| 2005 | * | 106,354 | 100,809 | 94.79 | 5,545 | 5.21 | - |
| 2006 | | 99,477 | 95,157 | 95.66 | 4,320 | 4.34 | 474 |
| 2007 | | 82,046 | 77,967 | 95.03 | 4,079 | 4.97 | 407 |
| 2008 | | 67,548 | 64,074 | 94.86 | 3,474 | 5.14 | 739 |
| 2009 | | 69,935 | 66,424 | 94.98 | 3,511 | 5.02 | 875 |
| 2010 | | 74,530 | 70,199 | 94.19 | 4,331 | 5.81 | 1,691 |
| 2011 | | 78,996 | 74,204 | 93.93 | 4,792 | 6.07 | 74,204 |

* 2005 and prior personal property receivables were considered prescribed and no longer legally enforceable during 2011

Source: City of New Orleans

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER AND SEWER RATES
Last Six Fiscal Years
(Unaudited)

| Year | Water | | | | | Sewer | |
|------|------------------------|------------------------|------------------------|----------------------------|----------------------------------|----------------------|------------------------------|
| | Rate per 1,000 Gallons | | | | | Monthly Base Rate | Rate per 1,000 Gallons |
| | Monthly Base Rate | First 3,000 Gallons | Next 17,000 Gallons | Next 980,000 Gallons | All Gallons Over 1,000,000 | | |
| 2006 | \$ 3 50 | \$ 2 31 | \$ 2 31 | \$ 2 07 | \$ 1 59 | \$ 11 60 | \$ 4 04 |
| 2007 | \$ 3 50 | \$ 1 94 | \$ 3 31 | \$ 2 60 | \$ 2 19 | \$ 11 60 | \$ 4 04 |
| 2008 | \$ 3 50 | \$ 2 35 | \$ 4 01 | \$ 3 15 | \$ 2 65 | \$ 11 60 | \$ 4 04 |
| 2009 | \$ 3 70 | \$ 2 47 | \$ 4 21 | \$ 3 31 | \$ 2 78 | \$ 11 60 | \$ 4 04 |
| 2010 | \$ 3 90 | \$ 2 59 | \$ 4 42 | \$ 3 48 | \$ 2 92 | \$ 11 60 | \$ 4 04 |
| 2011 | \$ 4 05 | \$ 2 69 | \$ 4 60 | \$ 3 62 | \$ 3 04 | \$ 11 60 | \$ 4 04 |

Note: Rates are based on 5/8" meter, which is the standard household meter size

SEWERAGE AND WATER BOARD OF NEW ORLEANS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Six Fiscal Years
(Unaudited)

| Fiscal Year | Personal Income (1) (in thousands) | Population (2) | Revenue Bonds | Special Tax Bonds | LDHH Bonds | Special | | Debt Service Assistance Fund | Capital Leases Payable | Total Debt | Percentage of Personal Income | Debt per Capita |
|-------------|---------------------------------------|-------------------|----------------|-------------------|--------------|-------------------------|---------|------------------------------|------------------------|----------------|-------------------------------|-----------------|
| | | | | | | Community Disaster Loan | Payable | | | | | |
| 2006 | \$ 12,739,309 | 208,548 | \$ 258,047,868 | \$ 24,905,000 | \$ - | \$ 46,011,566 | \$ - | \$ 40,494,073 | \$ 2,760,672 | \$ 372,219,179 | 3.42% | \$ 1,785 |
| 2007 | \$ 14,831,565 | 288,113 | \$ 246,907,968 | \$ 23,835,000 | \$ - | \$ 61,956,747 | \$ - | \$ 64,655,122 | \$ 104,445 | \$ 397,459,282 | 3.73% | \$ 1,380 |
| 2008 | \$ 15,802,534 | 336,644 | \$ 235,216,902 | \$ 22,710,000 | \$ - | \$ 61,956,747 | \$ - | \$ 77,460,393 | \$ - | \$ 397,344,042 | 3.98% | \$ 1,180 |
| 2009 | \$ 15,260,613 | 354,850 | \$ 221,958,521 | \$ 21,525,000 | \$ - | \$ 61,956,747 | \$ - | \$ 77,460,393 | \$ - | \$ 382,900,661 | 3.99% | \$ 1,079 |
| 2010 | \$ 15,260,613 | 347,907 | \$ 208,422,155 | \$ 20,290,000 | \$ 632,842 | \$ 25,166,747 | \$ - | \$ 77,460,393 | \$ - | \$ 331,972,137 | 4.60% | \$ 954 |
| 2011 | \$ 15,260,613 (3) | 360,740 | \$ 193,498,375 | \$ 18,990,000 | \$ 1,503,834 | \$ 25,166,747 | \$ - | \$ 77,465,247 | \$ - | \$ 316,624,203 | 4.82% | \$ 878 |

(1) Source: Bureau of Economic Analysis

(2) Source: www.census.gov/popest

(3) Most recent available is 2009

SEWERAGE AND WATER BOARD OF NEW ORLEANS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2011
(Unaudited)

| | Net Outstanding Debt | Percentage Overlapping | Overlapping Debt |
|--|----------------------------|---------------------------|-----------------------|
| Direct debt | | | |
| Sewerage and Water Board, net of debt service funds (tax bonds only) | \$ 18,990,000 | 100% | \$ 18,990,000 |
| Overlapping debt | | | |
| City of New Orleans | 572,903,556 | 100% | 572,903,556 |
| Audubon Park Commission | 31,895,000 | 100% | \$ 31,895,000 |
| Orleans Parish School Board (1) | 106,719,192 | 100% | \$ 106,719,192 |
| Orleans Levee District (1) | 3,120,000 | 100% | \$ 3,120,000 |
| Total overlapping debt | <u>714,637,748</u> | 100% | <u>714,637,748</u> |
| Total direct and overlapping debt | <u>\$ 733,627,748</u> | 100% | <u>\$ 733,627,748</u> |

(1) The fiscal year of the Orleans Parish School Board and Orleans Levee District ends on June 30th; overlapping debt is based on June 30, 2011 financial information

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
REVENUE BONDS DEBT SERVICE COVERAGE**

WATER BONDS

**Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year | Operating Revenue | Direct Operating Expenses | Net Revenue Available for Debt Services | Debt Service Requirement* | | |
|----------------|----------------------|---------------------------------|---|---------------------------|-----------|-----------|
| | | | | Principal | Interest | Total |
| 2002 | 55,870,142 | 45,801,952 | 10,068,190 | 1,050,000 | 782,068 | 1,832,068 |
| 2003 | 57,550,818 | 47,886,711 | 9,664,107 | 2,020,000 | 2,490,059 | 4,510,059 |
| 2004 | 57,955,617 | 51,749,138 | 6,206,479 | 1,575,000 | 2,177,094 | 3,752,094 |
| 2005 | 40,716,893 | 53,450,918 | (12,734,025) | 1,655,000 | 2,110,155 | 3,765,155 |
| 2006 | 36,378,265 | 41,970,320 | (5,592,055) | 1,735,000 | 2,032,524 | 3,767,524 |
| 2007 | 35,098,826 | 58,708,774 | (23,609,948) | 1,820,000 | 1,980,068 | 3,800,068 |
| 2008 | 47,435,375 | 66,989,084 | (19,553,709) | 1,920,000 | 1,917,131 | 3,837,131 |
| 2009 | 70,211,761 | 51,983,869 | 18,227,892 | 2,115,000 | 1,771,268 | 3,886,268 |
| 2010 | 77,837,538 | 58,180,206 | 19,657,332 | 2,220,000 | 1,685,618 | 3,905,618 |
| 2011 | 73,802,442 | 64,677,227 | 9,125,215 | 2,325,000 | 1,592,393 | 3,917,393 |

* Payments are based on future payments subsequent to the year of calculation

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
REVENUE BONDS DEBT SERVICE COVERAGE
SEWER BONDS**

**Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year | Operating Revenue | Direct Operating Expenses | Net Revenue Available for Debt Services | Debt Service Requirements* | | | Coverage |
|----------------|----------------------|---------------------------------|---|----------------------------|------------|------------|----------|
| | | | | Principal | Interest | Total | |
| 2002 | 54,195,717 | 31,418,205 | 22,777,512 | 4,250,000 | 6,766,471 | 11,016,471 | 1 96 |
| 2003 | 60,837,820 | 38,579,473 | 22,258,347 | 6,245,000 | 8,988,665 | 15,233,665 | 2 07 |
| 2004 | 72,434,733 | 39,459,105 | 32,975,628 | 6,715,000 | 10,343,878 | 17,058,878 | 1 46 |
| 2005 | 58,494,963 | 33,072,494 | 25,422,469 | 8,265,000 | 9,873,999 | 18,138,999 | 1 93 |
| 2006 | 63,907,388 | 33,435,068 | 30,472,320 | 8,685,000 | 9,453,651 | 18,138,651 | 1 40 |
| 2007 | 64,750,010 | 38,899,024 | 25,850,986 | 9,130,000 | 10,211,257 | 19,341,257 | 1 68 |
| 2008 | 70,836,988 | 42,135,587 | 28,701,401 | 15,035,000 | 3,326,538 | 18,361,538 | 1 56 |
| 2009 | 69,501,438 | 49,879,875 | 19,621,563 | 11,255,000 | 9,058,968 | 20,313,968 | 0 97 |
| 2010 | 87,569,727 | 44,361,297 | 43,208,430 | 11,815,000 | 8,435,057 | 20,250,057 | 2 13 |
| 2011 | 77,657,707 | 43,173,641 | 34,484,066 | 12,400,000 | 7,862,687 | 20,262,687 | 1 70 |

* Debt services requirements excludes BANS

* Payments are based on future payments subsequent to the year of calculation

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DEMOGRAPHIC STATISTICS
Last Six Fiscal Years
(Unaudited)

| Fiscal Year | Population (1) | Personal Income (2) (in thousands) | Per Capita Personal Income | Unemployment Rate (3) |
|------------------------|-----------------------|---|---------------------------------------|----------------------------------|
| 2006 | 208,548 | \$ 12,739,309 | \$ 61,086 | 4.30% |
| 2007 | 288,113 | \$ 14,831,565 | \$ 51,478 | 3.50% |
| 2008 | 336,644 | \$ 15,802,534 | \$ 46,941 | 4.40% |
| 2009 | 354,850 | \$ 15,260,613 | \$ 35,507 | 6.80% |
| 2010 | 347,907 | \$ 15,260,613 | \$ 35,507 | 8.50% |
| 2011 | 360,740 | \$ 15,260,613 (4) | \$ 38,578 | 7.30% |

(1) Source www.census.gov/popest/

(2) Source Estimates- Bureau of Economic Analysis.

(3) Source: U S. Bureau of Labor Statistics.

(4) Most recent available is 2009

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
NEW ORLEANS AREA PRINCIPAL EMPLOYERS
Last Ten Fiscal Years
(Unaudited)**

| | 2002 | 2003 | 2004 * | 2005 * | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|-----------|-----------|--------|--------|-----------|-----------|------------|------------|------------|------------|
| Acme Truck Line Inc | | | | | | 8 / 250 | 10 / 2,000 | 7 / 2,000 | 7 / 2,000 | 8 / 2,500 |
| Al Copeland Investments | 9 / 623 | 9 / 623 | | | | | | | | 9 / 2,200 |
| Bally's Casino Lakeshore Resort | | | | | | | | | | |
| Boh Bros Construction | | | | | 9 / 790 | 6 / 781 | | 9 / 1,500 | 9 / 1,500 | |
| Boombtown Casino Westbank | 7 / 1,100 | 8 / 1,100 | | | | | 9 / 2,150 | 6 / 2,150 | 6 / 2,150 | |
| Capital One Bank N A | | | | | | | 5 / 3,500 | | | |
| City of New Orleans | | | | | | | | 8 / 2,000 | 8 / 2,000 | |
| Dow Chemical Company | | | | | | | 6 / 3,150 | | | |
| East Jefferson General Hospital | | | | | | | 8 / 2,200 | 5 / 2,200 | 5 / 2,200 | 7 / 2,700 |
| Harrah's New Orleans Casino | | | | | 3 / 4,500 | | | 10 / 1,400 | 10 / 1,400 | |
| Hilton New Orleans | | | | | | 10 / 150 | | | | |
| Hope Haven Center | | | | | | 9 / 160 | | | | |
| Houma Industries | | | | | | | | | | |
| JCC Holding Co LLC | | | | | 4 / 4,000 | | | | | |
| Lockheed Martin Manned Space Systems | 2 / 2,000 | 2 / 2,000 | | | 5 / 2,000 | 2 / 2,832 | 7 / 2,832 | 4 / 2,832 | 4 / 2,832 | 2 / 7,000 |
| LSU Health Sciences Center New Orleans | | | | | | | 3 / 5,000 | | | |
| Meadowcrest Hospital | 10 / 498 | 10 / 457 | | | | | | | | |
| Methodist Hospital | 6 / 1,116 | 7 / 1,116 | | | | | | | | |
| NASA Michoud | | | | | | | | | | |
| Northrup Grumman Avondale | 1 / 6,000 | 1 / 6,071 | | | 1 / 6,000 | 1 / 5,400 | 2 / 5,400 | 2 / 5,400 | 2 / 5,400 | 10 / 2,000 |
| Ochsner Medical Institutions / Health System | | | | | 6 / 2,000 | | 1 / 9,107 | 1 / 9,107 | 1 / 9,107 | 3 / 6,000 |
| Regional Transit Authority | 5 / 1,199 | 6 / 1,199 | | | | 7 / 750 | | | | 1 / 9,800 |
| Superior Energy Services, Inc | 8 / 975 | 5 / 1,200 | | | 10 / 750 | 5 / 1,165 | | | | |
| Textron Marine & Land Systems | | | | | 2 / 5,000 | | 4 / 4,410 | 3 / 4,410 | 3 / 4,410 | 4 / 5,000 |
| Tulane University | | | | | | | | | | 6 / 3,114 |
| University of New Orleans | | | | | | | | | | 5 / 4,000 |
| US Post Office | | | | | 8 / 1,250 | 4 / 1,300 | | | | |
| USDA, National Finance Center | 3 / 1,900 | 3 / 1,900 | | | 7 / 1,904 | 3 / 1,654 | | | | |
| West Jefferson Medical Center | 4 / 1,829 | 4 / 1,829 | | | | | | | | |

Source Greater New Orleans Inc and Regional Economic Alliance

* These years are unavailable

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CAPITAL EXPENDITURES BY DEPARTMENT
ENTERPRISE FUND
Last Ten Fiscal Years
(Unaudited)

| <u>Year</u> | <u>Water</u> | <u>Sewer</u> | <u>Drainage</u> | <u>Total</u> |
|-------------|---------------|---------------|-------------------|----------------|
| 2002 | \$ 11,540,814 | \$ 43,269,622 | \$ 57,048,889 (1) | \$ 111,859,325 |
| 2003 | \$ 14,531,801 | \$ 49,419,442 | \$ 64,155,080 | \$ 128,106,323 |
| 2004 | \$ 15,772,218 | \$ 67,424,755 | \$ 38,407,889 | \$ 121,604,862 |
| 2005 | \$ 10,380,889 | \$ 46,550,580 | \$ 23,709,553 | \$ 80,641,022 |
| 2006 | \$ 36,481,683 | \$ 49,891,752 | \$ 19,515,232 | \$ 105,888,667 |
| 2007 | \$ 19,053,142 | \$ 56,093,058 | \$ 16,250,996 | \$ 91,397,196 |
| 2008 | \$ 19,938,659 | \$ 25,608,236 | \$ 28,592,805 | \$ 74,139,700 |
| 2009 | \$ 22,465,931 | \$ 56,010,946 | \$ 47,185,424 | \$ 125,662,301 |
| 2010 | \$ 32,248,119 | \$ 58,682,400 | \$ 51,465,065 | \$ 142,395,584 |
| 2011 | \$ 20,374,785 | \$ 53,662,611 | \$ 66,821,905 | \$ 140,859,301 |

(1) Includes contributed assets

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
December 31, 2011
(Unaudited)

| | | Water Revenue Bonds | | |
|----------------------------|-----------|----------------------------|----------------------|----------------------|
| | | Series | Series | All Bond |
| | | 1998 | 2002 | Issues |
| 2012 | Principal | 925,000 | 1,400,000 | 2,325,000 |
| | Interest | 358,643 | 1,233,750 | 1,592,393 |
| 2013 | Principal | 965,000 | 1,470,000 | 2,435,000 |
| | Interest | 315,630 | 1,177,750 | 1,493,380 |
| 2014 | Principal | 1,015,000 | 1,530,000 | 2,545,000 |
| | Interest | 269,793 | 1,104,250 | 1,374,043 |
| 2015 | Principal | 1,060,000 | 1,595,000 | 2,655,000 |
| | Interest | 221,580 | 1,027,750 | 1,249,330 |
| 2016 | Principal | 1,110,000 | 1,665,000 | 2,775,000 |
| | Interest | 170,700 | 948,000 | 1,118,700 |
| 2017 | Principal | 1,165,000 | 1,740,000 | 2,905,000 |
| | Interest | 116,865 | 864,750 | 981,615 |
| 2018 | Principal | 1,220,000 | 1,820,000 | 3,040,000 |
| | Interest | 59,780 | 777,750 | 837,530 |
| 2019 | Principal | | 3,195,000 | 3,195,000 |
| | Interest | | 686,750 | 686,750 |
| 2020 | Principal | | 3,345,000 | 3,345,000 |
| | Interest | | 527,000 | 527,000 |
| 2021 | Principal | | 3,510,000 | 3,510,000 |
| | Interest | | 359,750 | 359,750 |
| 2022 | Principal | | 3,685,000 | 3,685,000 |
| | Interest | | 184,250 | 184,250 |
| Total Principal | | 7,460,000 | 24,955,000 | 32,415,000 |
| Total Interest | | 1,512,991 | 8,891,750 | 10,404,741 |
| Total Future Debt Payments | | <u>\$ 8,972,991</u> | <u>\$ 33,846,750</u> | <u>\$ 42,819,741</u> |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
 December 31, 2011
 (Unaudited)

| | Series 1997 | Series 1998 | Series 2000A | Series 2000B | Series 2001 | Series 2002 | Series 2003 | Series 2004 | Series 2009 | Ad Debt Issued |
|-----------------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|-----------------------|
| 2012 | Principal 1,840,000 | 1,445,000 | 1,385,000 | 1,060,000 | 1,615,000 | 2,641,000 | 250,000 | 1,430,000 | 730,000 | 12,400,000 |
| | Interest 632,128 | 530,194 | 526,044 | 610,335 | 960,092 | 1,863,625 | 150,721 | 1,004,100 | 1,275,188 | 7,862,687 |
| 2013 | Principal 1,940,000 | 1,510,000 | 1,465,000 | 1,170,000 | 1,685,000 | 2,780,000 | 360,000 | 1,485,000 | 765,000 | 11,020,000 |
| | Interest 531,903 | 461,704 | 450,391 | 564,793 | 881,700 | 1,727,750 | 137,971 | 948,481 | 1,243,675 | 7,248,461 |
| 2014 | Principal 2,090,000 | 1,585,000 | 1,535,000 | 1,185,000 | 1,760,000 | 2,945,000 | 270,000 | 1,544,000 | 800,000 | 13,695,000 |
| | Interest 428,884 | 388,165 | 369,228 | 504,923 | 755,140 | 1,384,375 | 128,611 | 840,136 | 1,208,463 | 6,384,917 |
| 2015 | Principal 2,170,000 | 1,655,000 | 1,645,000 | 1,255,000 | 1,840,000 | 3,110,000 | 280,000 | 1,605,000 | 845,000 | 14,405,000 |
| | Interest 311,200 | 310,801 | 313,228 | 440,851 | 709,940 | 1,433,000 | 116,676 | 809,431 | 1,164,281 | 5,881,416 |
| 2016 | Principal 2,290,000 | 1,735,000 | 1,745,000 | 1,325,000 | 1,920,000 | 3,280,000 | 290,000 | 1,680,000 | 890,000 | 15,165,000 |
| | Interest 197,760 | 228,791 | 493,122 | 371,823 | 616,610 | 1,271,250 | 106,091 | 747,731 | 1,172,625 | 5,142,826 |
| 2017 | Principal 2,425,000 | 1,820,000 | 1,830,000 | 1,400,000 | 2,020,000 | 3,460,000 | 305,000 | 1,735,000 | 940,000 | 15,975,000 |
| | Interest 84,675 | 161,000 | 364,330 | 297,550 | 517,860 | 1,104,750 | 94,672 | 874,031 | 1,066,713 | 4,337,601 |
| 2018 | Principal 1,910,000 | 1,910,000 | 1,960,000 | 1,480,000 | 2,120,000 | 3,650,000 | 315,000 | 1,834,000 | 995,000 | 16,265,000 |
| | Interest 47,750 | | 219,575 | 218,350 | 414,360 | 827,000 | 82,463 | 603,231 | 1,011,669 | 3,504,308 |
| 2019 | Principal 2,010,000 | 2,010,000 | 2,070,000 | 1,570,000 | 2,220,000 | 3,830,000 | 330,000 | 1,915,000 | 1,035,000 | 17,025,000 |
| | Interest 178,875 | | 134,475 | 134,475 | 304,344 | 759,500 | 69,563 | 577,034 | 931,413 | 2,804,807 |
| 2020 | Principal 2,305,000 | 2,305,000 | 2,360,000 | 1,660,000 | 2,335,000 | 4,060,000 | 345,000 | 2,000,000 | 1,120,000 | 17,725,000 |
| | Interest 60,638 | | 42,650 | 42,650 | 187,494 | 541,750 | 55,847 | 465,938 | 888,163 | 2,222,570 |
| 2021 | Principal 1,910,000 | 1,910,000 | 1,960,000 | 1,480,000 | 2,120,000 | 3,650,000 | 315,000 | 1,834,000 | 1,190,000 | 18,390,000 |
| | Interest 47,750 | | 219,575 | 218,350 | 414,360 | 827,000 | 82,463 | 603,231 | 1,116,863 | 3,504,308 |
| 2022 | Principal 2,010,000 | 2,010,000 | 2,070,000 | 1,570,000 | 2,220,000 | 3,830,000 | 330,000 | 1,915,000 | 1,265,000 | 18,375,000 |
| | Interest 178,875 | | 134,475 | 134,475 | 304,344 | 759,500 | 69,563 | 577,034 | 1,243,215 | 3,504,807 |
| 2023 | Principal 2,305,000 | 2,305,000 | 2,360,000 | 1,660,000 | 2,335,000 | 4,060,000 | 345,000 | 2,000,000 | 1,345,000 | 19,060,000 |
| | Interest 60,638 | | 42,650 | 42,650 | 187,494 | 541,750 | 55,847 | 465,938 | 1,044,913 | 3,504,807 |
| 2024 | Principal 1,910,000 | 1,910,000 | 1,960,000 | 1,480,000 | 2,120,000 | 3,650,000 | 315,000 | 1,834,000 | 1,425,000 | 19,860,000 |
| | Interest 47,750 | | 219,575 | 218,350 | 414,360 | 827,000 | 82,463 | 603,231 | 1,511,813 | 3,504,807 |
| 2025 | Principal 2,010,000 | 2,010,000 | 2,070,000 | 1,570,000 | 2,220,000 | 3,830,000 | 330,000 | 1,915,000 | 1,515,000 | 20,315,000 |
| | Interest 178,875 | | 134,475 | 134,475 | 304,344 | 759,500 | 69,563 | 577,034 | 1,602,719 | 3,504,807 |
| 2026 | Principal 2,305,000 | 2,305,000 | 2,360,000 | 1,660,000 | 2,335,000 | 4,060,000 | 345,000 | 2,000,000 | 1,615,000 | 21,060,000 |
| | Interest 60,638 | | 42,650 | 42,650 | 187,494 | 541,750 | 55,847 | 465,938 | 1,699,506 | 3,504,807 |
| 2027 | Principal 1,910,000 | 1,910,000 | 1,960,000 | 1,480,000 | 2,120,000 | 3,650,000 | 315,000 | 1,834,000 | 1,720,000 | 21,710,000 |
| | Interest 47,750 | | 219,575 | 218,350 | 414,360 | 827,000 | 82,463 | 603,231 | 1,709,638 | 3,504,807 |
| 2028 | Principal 2,010,000 | 2,010,000 | 2,070,000 | 1,570,000 | 2,220,000 | 3,830,000 | 330,000 | 1,915,000 | 1,870,000 | 22,360,000 |
| | Interest 178,875 | | 134,475 | 134,475 | 304,344 | 759,500 | 69,563 | 577,034 | 1,798,750 | 3,504,807 |
| 2029 | Principal 2,305,000 | 2,305,000 | 2,360,000 | 1,660,000 | 2,335,000 | 4,060,000 | 345,000 | 2,000,000 | 1,945,000 | 23,060,000 |
| | Interest 60,638 | | 42,650 | 42,650 | 187,494 | 541,750 | 55,847 | 465,938 | 1,881,781 | 3,504,807 |
| Total Principal | 12,715,000 | 11,660,000 | 12,590,000 | 12,035,000 | 19,980,000 | 32,370,000 | 3,760,000 | 24,215,000 | 21,990,000 | 160,465,000 |
| Total Interest | 2,163,370 | 3,107,495 | 4,244,991 | 5,054,370 | 5,549,370 | 11,641,125 | 1,015,693 | 7,471,716 | 16,865,181 | 51,411,676 |
| Total Future Debt Payments | \$ 14,878,370 | \$ 14,767,495 | \$ 20,134,991 | \$ 15,332,283 | \$ 25,529,370 | \$ 50,256,125 | \$ 4,775,693 | \$ 31,786,716 | \$ 38,855,181 | \$ 212,876,676 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
December 31, 2011
(Unaudited)

| | | Drainage Special Tax Bonds | | |
|----------------------------|-----------|-----------------------------------|------------------------|----------------------------|
| | | Series 1998 | Series 2002 | All Bond Issues |
| 2012 | Principal | 570,000 | 790,000 | 1,360,000 |
| | Interest | 224,786 | 621,263 | 846,049 |
| 2013 | Principal | 595,000 | 830,000 | 1,425,000 |
| | Interest | 198,280 | 593,218 | 791,498 |
| 2014 | Principal | 625,000 | 865,000 | 1,490,000 |
| | Interest | 170,018 | 560,018 | 730,036 |
| 2015 | Principal | 655,000 | 900,000 | 1,555,000 |
| | Interest | 140,018 | 525,418 | 665,436 |
| 2016 | Principal | 685,000 | 940,000 | 1,625,000 |
| | Interest | 108,250 | 489,418 | 597,668 |
| 2017 | Principal | 720,000 | 985,000 | 1,705,000 |
| | Interest | 74,000 | 450,878 | 524,878 |
| 2018 | Principal | 760,000 | 1,030,000 | 1,790,000 |
| | Interest | 38,000 | 38,000 | 76,000 |
| 2019 | Principal | | 1,870,000 | 1,870,000 |
| | Interest | | 365,218 | 365,218 |
| 2020 | Principal | | 1,960,000 | 1,960,000 |
| | Interest | | 282,938 | 282,938 |
| 2021 | Principal | | 2,055,000 | 2,055,000 |
| | Interest | | 194,738 | 194,738 |
| 2022 | Principal | | 2,155,000 | 2,155,000 |
| | Interest | | 100,208 | 100,208 |
| Total Principal | | 4,610,000 | 14,380,000 | 18,990,000 |
| Total Interest | | 953,352 | 4,221,310 | 5,174,662 |
| Total Future Debt Payments | | <u>\$ 5,563,352</u> | <u>\$ 18,601,310</u> | <u>\$ 24,164,662</u> |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
December 31, 2011
(Unaudited)

| | | All Departments | | | |
|----------------------------|-----------|-----------------|----------------|---------------|----------------|
| | | Water | Sewer | Drainage | Total |
| 2012 | Principal | 2,325,000 | 12,400,000 | 1,360,000 | 16,085,000 |
| | Interest | 1,592,393 | 7,862,687 | 846,049 | 10,301,129 |
| 2013 | Principal | 2,435,000 | 13,020,000 | 1,425,000 | 16,880,000 |
| | Interest | 1,493,380 | 7,248,460 | 791,498 | 9,533,338 |
| 2014 | Principal | 2,545,000 | 13,695,000 | 1,490,000 | 17,730,000 |
| | Interest | 1,374,043 | 6,584,947 | 730,036 | 8,689,026 |
| 2015 | Principal | 2,655,000 | 14,405,000 | 1,555,000 | 18,615,000 |
| | Interest | 1,249,330 | 5,881,416 | 665,436 | 7,796,182 |
| 2016 | Principal | 2,775,000 | 15,165,000 | 1,625,000 | 19,565,000 |
| | Interest | 1,118,700 | 5,142,825 | 597,668 | 6,859,193 |
| 2017 | Principal | 2,905,000 | 15,975,000 | 1,705,000 | 20,585,000 |
| | Interest | 981,615 | 4,357,401 | 524,878 | 5,863,894 |
| 2018 | Principal | 3,040,000 | 14,265,000 | 1,790,000 | 19,095,000 |
| | Interest | 837,530 | 3,594,398 | 76,000 | 4,507,928 |
| 2019 | Principal | 3,195,000 | 13,025,000 | 1,870,000 | 18,090,000 |
| | Interest | 686,750 | 2,904,803 | 365,218 | 3,956,771 |
| 2020 | Principal | 3,345,000 | 13,725,000 | 1,960,000 | 19,030,000 |
| | Interest | 527,000 | 2,222,578 | 282,938 | 3,032,516 |
| 2021 | Principal | 3,510,000 | 10,390,000 | 2,055,000 | 15,955,000 |
| | Interest | 359,750 | 1,611,499 | 194,738 | 2,165,987 |
| 2022 | Principal | 3,685,000 | 8,375,000 | 2,155,000 | 14,215,000 |
| | Interest | 184,250 | 1,143,888 | 100,208 | 1,428,346 |
| 2023 | Principal | | 4,060,000 | | 4,060,000 |
| | Interest | | 835,328 | | 835,328 |
| 2024 | Principal | | 3,860,000 | | 3,860,000 |
| | Interest | | 636,600 | | 636,600 |
| 2025 | Principal | | 1,515,000 | | 1,515,000 |
| | Interest | | 491,719 | | 491,719 |
| 2026 | Principal | | 1,615,000 | | 1,615,000 |
| | Interest | | 393,906 | | 393,906 |
| 2027 | Principal | | 1,720,000 | | 1,720,000 |
| | Interest | | 289,688 | | 289,688 |
| 2028 | Principal | | 1,830,000 | | 1,830,000 |
| | Interest | | 178,750 | | 178,750 |
| 2029 | Principal | | 1,945,000 | | 1,945,000 |
| | Interest | | 60,781 | | 60,781 |
| Total Principal | | 32,415,000 | 160,985,000 | 18,990,000 | 212,390,000 |
| Total Interest | | 10,404,741 | 51,441,674 | 5,174,662 | 67,021,077 |
| Total Future Debt Payments | | \$ 42,819,741 | \$ 212,426,674 | \$ 24,164,662 | \$ 279,411,077 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
PROPERTY VALUE, NEW CONSTRUCTION AND BANK DEPOSITS
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | New Commercial Construction (1) | | New Residential Construction (1) | | Bank deposits (2) (in thousands) | Estimated actual property value (3) (in thousands) |
|----------------|------------------------------------|-------------------------|-------------------------------------|-------------------------|--|---|
| | Number of units | Value (in thousands) | Number of units | Value (in thousands) | | |
| 2002 | 305 | 76,057 | 2,371 | 133,259 | 7,858,864 | 15,426,274 |
| 2003 | 304 | 66,458 | 2,902 | 153,649 | 8,256,119 | 15,040,871 |
| 2004 | 1,397 | 354,716 | 2,576 | 167,353 | 9,416,433 | 16,731,518 |
| 2005 | 176 | 329,401 | 555 | 76,400 | 8,951,961 | 16,774,183 |
| 2006 | 473 | 139,866 | 667 | 95,552 | 11,252,684 | 13,245,167 |
| 2007 | 2,044 | 506,281 | 1,427 | 182,729 | 10,062,454 | 14,645,214 |
| 2008 | 1,929 | 550,895 | 1,215 | 160,387 | 10,553,556 | 20,698,664 |
| 2009 | 364 | 220,748 | 1,862 | 227,714 | 10,480,561 | 21,974,841 |
| 2010 | 349 | 549,906 | 1,102 | 160,331 | 12,175,831 | |
| 2011 | 365 | 266,981 | 1,047 | 161,875 | 10,024,118 | |

(1) City of New Orleans (2004 latest year for which information is available).

(2) Summary of Deposits (as of September 30, 2011) - bank branches located in New Orleans, Federal Depository Insurance Corporation

(3) Source City of New Orleans - Latest date available 2009

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CAPITAL ASSET STATISTICS BY FUNCTION
Last Six Fiscal Years
(Unaudited)

| | | Year | | | | |
|-------|----------------------|--------|--------|--------|--------|--------|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| | | | | | | 2011 |
| Water | Water lines (miles) | 1,582 | 1,583 | 1,586 | 1,587 | 1,590 |
| | Water manholes | 29,576 | 29,632 | 29,673 | 29,741 | 29,957 |
| | Water valves | 29,219 | 29,246 | 29,255 | 29,277 | 29,366 |
| | Fire hydrants | 22,771 | 22,780 | 22,785 | 22,894 | 22,989 |
| | | | | | | 23,045 |
| Sewer | Sewers lines (miles) | 1,486 | 1,503 | 1,507 | 1,512 | 1,518 |
| | Sewer manholes | 22,829 | 22,922 | 22,974 | 22,998 | 23,047 |
| | | | | | | 22,977 |

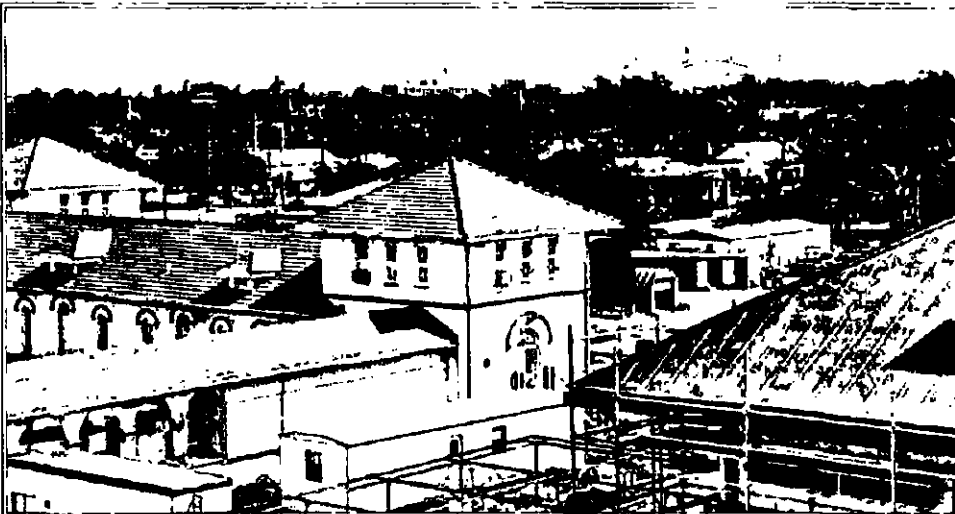
SEWERAGE AND WATER BOARD OF NEW ORLEANS
NUMBER OF ACTIVE EMPLOYEES
Last Five Fiscal Years

| <u>Year</u> | <u>Number of Active Employees</u> |
|-------------|---------------------------------------|
| 2011 | 994 |
| 2010 | 974 |
| 2009 | 964 |
| 2008 | 940 |
| 2007 | 899 |

Source: Sewerage and Water Board of New Orleans.



Representatives sporting a new look are greeting customers visiting the two Service Centers—one in the Main Building and the other in Algiers. For the first time, they are wearing stylish career uniforms that enhance the Board's professional image. The reps are sporting navy blue blazers with the Board's "Crescent Cover" logo, navy slacks or skirts, yellow or blue shirts and colorful scarves.



The S&WB has been providing drainage, sewerage, water and power generation since the late 1890s. It has expanded its operations through new construction and has spent millions of dollars to upgrade every one of its facilities, even after the devastation of Hurricane Katrina. The skyline of the city is a reminder that the Board has provided excellent service to the citizens and for numerous special events that can tremendously boost the city's population and quality of life services.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

2011 ACTUAL CAPITAL EXPENDITURES

WATER DEPARTMENT

C.P.# **WATERWORKS**

| | | | |
|------------------|--------------------------------|----|---------------|
| 135 | Improvement of Chemical System | \$ | 298,845.54 |
| 156 | Advance Water Treatment | | 1410804.86 |
| 175 | Water Hurricane Recovery Bonds | | 8,992,913.62 |
| TOTAL WATERWORKS | | \$ | 10,702,564.02 |

WATER DISTRIBUTION

| | | | |
|--------------------------|--------------------------------|----|--------------|
| 214 | Normal Extension & Replacement | \$ | 1,739,309.12 |
| 239 | Mains DPW Contracts | | 2,625,433.66 |
| TOTAL WATER DISTRIBUTION | | \$ | 4,364,742.78 |

GENERAL BUDGET

| | | | |
|------------------------|-------------------------------------|----|---------------|
| 800 | Water Share of General Budget Items | | 4,358,801.92 |
| GENERAL BUDGET | | \$ | 4,358,801.92 |
| TOTAL WATER DEPARTMENT | | \$ | 19,426,108.72 |

NOTE: These figures do not include proration of interest expense

SEWERAGE AND WATER BOARD OF NEW ORLEANS

2011 ACTUAL CAPITAL EXPENDITURES

SEWERAGE DEPARTMENT

| <u>C P #</u> | <u>SEWERAGE SYSTEM</u> | | |
|---------------------|--|-----------|----------------------|
| 317 | Normal Extensions & Replacement of Gravity Mains | \$ | 2,904,544.46 |
| 318 | Rehabilitation Gravity Sewer System | | 2,333,816.76 |
| 326 | Extensions & Replacement to Sewer Pumping Stations | | 158,275.14 |
| 339 | Main in Streets Dept Contracts | | 4,240,848.51 |
| 348 | Normal Extensions & Replacements | | 1,263,655.68 |
| 368 | Wetlands assimilation Project | | 1,177,741.11 |
| 375 | Sewerage Hurricane Recovery Bonds | | 29,091,185.70 |
| 381 | Modification & Extension of WBSTP to 20/50 MGD | | - |
| | TOTAL SEWERAGE SYSTEM | \$ | 41,170,067.36 |
| | | | |
| | <u>GENERAL BUDGET</u> | | |
| 800 | Sewerage Share of General Budget Items | | 4,666,201.39 |
| | TOTAL GENERAL BUDGET | \$ | 4,666,201.39 |
| | TOTAL SEWERAGE DEPARTMENT | \$ | 45,836,268.75 |

NOTE: These figures do not include proration of interest expense

SEWERAGE AND WATER BOARD OF NEW ORLEANS

2011 ACTUAL CAPITAL EXPENDITURES

DRAINAGE DEPARTMENT

| <u>C P #</u> | <u>CANALS</u> | |
|---------------------|---|--------------------------------|
| 418 | Normal Extension & Replacements | \$ 119,605 95 |
| 439 | Major Drainage Participation in DPW Projects | 3,107,401 37 |
| 466 | Louisiana Avenue Canal | 117,117 00 |
| 471 | SELA Program Management | 1,203,468.98 |
| 476 | Hollygrove Canals (SELA-A) | 137,771 07 |
| 478 | S Claiborne-Lowerline to Monticello Street | 3,093,694 49 |
| 486 | Napoleon Avenue Canal Improvements (SELA-B) | 7,210,698 72 |
| 496 | General DeGaulle Canal (SELA-C) | 78,721 96 |
| 497 | Florida Ave Canal - DPS#19 to Peoples Ave. (SELA-B) | 385,415 00 |
| 498 | Dwyer Intake Canal (St Charles to Dwyer (DPS)(SELA-A) | 303,904 03 |
| 499 | Jefferson Avenue Canal | <u>1,281,696 56</u> |
| | TOTAL DRAINAGE CANALS | \$ 17,039,495 13 |
| | <u>PUMPING STATIONS</u> | |
| 511 | Normal Extension & Rep /Stations | \$ 5,236,451 45 |
| 554 | Expansion of Dwyer DPS (SELA-A) | 515 65 |
| 575 | Drainage Hurricane Recovery Bonds | 657,813 46 |
| | TOTAL DRAINAGE PUMPING STATIONS | <u>\$ 5,894,780 56</u> |
| | <u>GENERAL BUDGET</u> | |
| 800 | Drainage Share of General Budget Items | 3,543,745 05 |
| | GENERAL BUDGET | <u>\$ 3,543,745 05</u> |
| | TOTAL DRAINAGE DEPARTMENT | <u><u>\$ 26,478,020 74</u></u> |

NOTE These figures do not include proration of interest expense

SEWERAGE AND WATER BOARD OF NEW ORLEANS
2011 ACTUAL CAPITAL EXPENDITURES

| <u>GENERAL BUDGET ITEMS</u> | | | | | |
|-----------------------------|---|------------------------|-----------------------|------------------------|-------------------------|
| <u>C.P.#</u> | <u>General Budget Items</u> | <u>Water</u> | <u>Sewerage</u> | <u>Drainage</u> | <u>Total</u> |
| 803 | Property Acquisition | \$ - | \$ - | \$ 41,741 88 | \$ 41,741 88 |
| 812 | Computer Systems Development | 53,627.31 | 53,590 90 | 54,528 75 | 161,746 96 |
| 820 | Overhead Charged to Capital | 3,413,817 30 | \$3,747,859 28 | 3,333,228 13 | 10,494,904 71 |
| 823 | Purchase of Water Meters | 750,904 40 | 750,904 36 | - | 1,501,808 76 |
| 843 | Minor Equipment Purchases | 34,028 51 | 34,028.55 | 34,427 99 | 102,485 05 |
| 875 | General Budget Items Hurricane Recovery Bonds | 106,424 40 | 79,818 30 | 79,818 30 | 266,061 00 |
| | TOTAL GENERAL BUDGET ITEMS | <u>\$ 4,358,801 92</u> | <u>\$4,666,201 39</u> | <u>\$ 3,543,745 05</u> | <u>\$ 12,568,748 36</u> |

NOTE These figures do not include proration of interest expense

SEWERAGE AND WATER BOARD OF NEW ORLEANS

ANALYSIS OF PUMPING AND POWER DEPARTMENT POWER PURCHASED AND PRODUCED NATURAL GAS AND FUEL OIL CONSUMED TEN YEARS 2002 THROUGH 2011

| YEAR | ELECTRIC POWER PURCHASED | | ELECTRIC & STEAM POWER GENERATED BY THE S&WB | | NATURAL GAS & FUEL OIL USED TO GENERATE ELECTRIC & STEAM POWER | | | |
|--------|--------------------------|------------------|--|-------------------|--|----------------|----------|---------------|
| | KW-HRS | \$ AMOUNT | KW-HRS | \$ AMOUNT | NATURAL GAS | | FUEL OIL | |
| | | | | | MCF | \$ AMOUNT | GALLONS | \$ AMOUNT |
| 2002 | 67,060,158 | \$ 5,057,628.66 | 37,576,656 | \$ 6,371,819.12 | 1,455,440 | \$ 6,370,341 | 1,739 | \$ 1,478.00 |
| 2003 | 63,393,258 | \$ 4,213,376.00 | 37,952,434 | \$ 9,228,925.00 | 1,322,240 | \$ 9,214,066 | 17,481 | \$ 14,859.00 |
| 2004 | 63,393,258 | \$ 5,100,645.61 | 37,845,120 | \$ 11,851,909.33 | 1,346,750 | \$ 11,850,932 | 1,149 | \$ 977.00 |
| 2005 | 56,511,639 | \$ 5,038,729.15 | 32,232,480 | \$ 15,857,909.84 | 1,442,440 | \$ 15,834,817 | 27,168 | \$ 23,093.00 |
| 2006 | 67,474,620 | \$ 7,371,028.93 | 37,464,720 | \$ 14,587,879.51 | 1,285,200 | \$ 14,587,701 | 211 | \$ 179.00 |
| 2007 | 68,574,205 | \$ 7,278,339.03 | 39,421,440 | \$ 15,138,632.93 | 1,464,900 | \$ 15,131,635 | 1,464 | \$ 7,018.00 |
| 2008 | 62,579,355 | \$ 7,051,655.00 | 40,407,984 | \$ 19,125,396.84 | 1,535,660 | \$ 18,895,716 | 85,222 | \$ 229,680.70 |
| 2009 | 67,889,778 | \$ 6,422,589.30 | 37,716,720 | \$ 10,651,093.69 | 1,449,540 | \$ 10,651,094 | 0 | \$ 0.00 |
| 2010 | 70,609,461 | \$ 6,653,752.17 | 39,090,720 | \$ 9,719,013.29 | 1,332,770 | \$ 9,669,414 | 12,883 | \$ 49,599.55 |
| 2011 | 70,049,094 | \$ 6,180,372.91 | 27,351,600 | \$ 10,721,624.09 | 1,552,330 | \$ 10,721,356 | 315 | \$ 267.75 |
| TOTALS | 657,534,826 | \$ 60,368,116.76 | 367,059,874 | \$ 123,254,223.64 | 14,187,270 | \$ 122,927,072 | 147,632 | \$ 327,152.00 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

**POWER PURCHASED AND PRODUCED
NATURAL GAS AND FUEL OIL CONSUMED - 2011**

| | KW-HOURS | COST |
|---|-----------------|-----------------|
| ELECTRIC POWER PURCHASED | 70,049,094 | \$6,180,372 91 |
| ELECTRIC AND STEAM POWER GENERATED BY THE S&WB * | 27,351,600 | \$10,721,624 09 |
| TOTAL | 97,400,694 | \$16,901,997 00 |

NOTE * NATURAL GAS CONSUMED IN OPERATION WAS 1,332,770 MCF AT A COST OF \$9,352,456
FUEL OIL CONSUMED WAS 12,883 GALLONS AT A COST OF \$49,600

SEWERAGE AND WATER BOARD OF NEW ORLEANS

WATER PUMPED AND CONSUMED - 2011

| <u>Number of Meters</u> | | <u>Gallons</u> | <u>Percent</u> |
|-----------------------------|--|----------------|----------------|
| | Free metered process water to various City departments and charitable institutions | | |
| 10 | Display Fountains | 5,062,100 | |
| 36 | Fire Department | 11,877,200 | |
| 16 | Swimming Pools | 8,061,900 | |
| 18 | Libraries | 3,560,800 | |
| 108 | Municipal | 61,887,600 | |
| 746 | Parks and Playgrounds | 252,660,700 | |
| 75 | Police Department | 187,369,100 | |
| 162 | Schools | 206,014,500 | |
| 1171 | | 736,493,900 | 1 35% |
| 220 | Free metered process water by Sewerage and Water Board | 686,024,100 | 1 26% |
| | Allowance for leaks on private property | 489,685,400 | 0 90% |
| | Free unmetered process water | | |
| | Unmetered use, such as: extinguishment of fires, cleaning streets, flushing sewers, drains, and gutters, cleaning markets and other public buildings | 37,323,795,900 | 68 54% |
| | Leaks in distribution system as measured by Echologics | 1,139,645,400 | 2 09% |
| | Water sold to customers | 14,082,685,300 | 25 86% |
| | Total Water Pumped | 54,458,330,000 | 100 00% |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Gallon Meter - Pay Water Consumption - 2011

| <u>Month</u> | <u>Consumption</u> |
|--------------|------------------------------|
| January | 1,083,695,400 |
| February | 1,083,037,600 |
| March | 1,115,314,700 |
| April | 1,111,396,600 |
| May | 1,224,240,400 |
| June | 1,303,959,700 |
| July | 1,329,517,600 |
| August | 1,111,592,500 |
| September | 1,220,178,600 |
| October | 1,296,934,600 |
| November | 1,114,146,600 |
| December | <u>1,088,671,000</u> |
| Gross Total | <u><u>14,082,685,300</u></u> |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

MONTHLY WATER CHARGES COLLECTED - 2011

As of December 31, 2011

| <u>Months</u> | <u>Water Service Charges & Fees</u> | <u>Delinquent Fees</u> | <u>Total</u> |
|---------------|---|----------------------------|------------------------|
| January | 4,393,838 17 | 78,810 75 | 4,472,648 92 |
| February | 5,010,973 13 | 84,487 21 | 5,095,460 34 |
| March | 5,596,097 40 | 93,569 68 | 5,689,667 08 |
| April | 4,987,101 09 | 81,160 27 | 5,068,261 36 |
| May | 4,940,817 85 | 85,783 11 | 5,026,600 96 |
| June | 5,987,375 56 | 96,147 36 | 6,083,522 92 |
| July | 5,480,778 33 | 84,824 95 | 5,565,603 28 |
| August | 5,902,528 37 | 100,775 60 | 6,003,303 97 |
| September | 5,229,983 32 | 99,572 76 | 5,329,556 08 |
| October | 5,527,175 79 | 80,329 51 | 5,607,505 30 |
| November | 5,349,993 68 | 84,394 90 | 5,434,388 58 |
| December | 5,026,073 96 | 86,809 97 | 5,112,883 93 |
| | <u>\$63,432,736 65</u> | <u>\$1,056,666 07</u> | <u>\$64,489,402 72</u> |

MONTHLY SEWERAGE CHARGES COLLECTED - 2011

| <u>Months</u> | <u>Sewerage Service Charges</u> | <u>Delinquent Fees</u> | <u>Total</u> |
|---------------|-------------------------------------|----------------------------|------------------------|
| January | 5,341,819 53 | 52,656 35 | 5,394,475 88 |
| February | 5,737,488 00 | 56,437 03 | 5,793,925 03 |
| March | 6,327,156 61 | 62,502 52 | 6,389,659 13 |
| April | 5,543,682 57 | 54,217 58 | 5,597,900 15 |
| May | 5,779,616 31 | 57,305 22 | 5,836,921 53 |
| June | 6,479,050 56 | 64,222 70 | 6,543,273 26 |
| July | 5,892,300 77 | 56,661 78 | 5,948,962 55 |
| August | 6,576,211 33 | 67,308 19 | 6,643,519 52 |
| September | 5,525,590 83 | 66,506 92 | 5,592,097 75 |
| October | 6,095,900 81 | 53,663 27 | 6,149,564 08 |
| November | 5,907,258 38 | 56,376 58 | 5,963,634 96 |
| December | 5,605,603 04 | 57,984 99 | 5,663,588 03 |
| | <u>\$70,811,678 74</u> | <u>\$705,843 13</u> | <u>\$71,517,521 87</u> |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE I
As of December 31, 2011

CARROLLTON TURBIDITIES

| | River (NTU) | | | | | Effluent Settling Reservoirs (NTU) | | | | | Filters (NTU) | | | | |
|---------|----------------|------|------|------|------|---------------------------------------|------|------|------|------|------------------|------|------|------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2007 | 2008 | 2009 | 2010 | 2011 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Maximum | 248 | 165 | 320 | 274 | 282 | 13 | 15 | 19 | 8.3 | 10 | 0.39 | 0.90 | 0.78 | 0.26 | 0.22 |
| Minimum | 3 | 7 | 5 | 5 | 11 | 1.0 | 1.0 | 1.1 | 1.1 | 1.0 | 0.09 | 0.09 | 0.09 | 0.07 | 0.08 |
| Average | 66 | 67 | 71 | 71 | 51 | 4.1 | 4.9 | 3.1 | 3.2 | 2.9 | 0.14 | 0.13 | 0.14 | 0.13 | 0.13 |

TABLE II

CARROLLTON ALKALINITIES PARTS PER MILLION

| | River | | | | | Effluent Settling Reservoirs | | | | | Filters | | | | |
|---------|-------|------|------|------|------|------------------------------|------|------|------|------|---------|------|------|------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2007 | 2008 | 2009 | 2010 | 2011 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Maximum | 173 | 183 | 185 | 212 | 163 | 167 | 171 | 175 | 202 | 165 | 182 | 202 | 200 | 225 | 195 |
| Minimum | 86 | 78 | 83 | 93 | 83 | 66 | 63 | 72 | 76 | 66 | 78 | 71 | 80 | 98 | 88 |
| Average | 124 | 117 | 121 | 143 | 125 | 114 | 107 | 114 | 135 | 115 | 131 | 124 | 134 | 155 | 135 |

TABLE II A

CARROLLTON HARDNESS PARTS PER MILLION

| | NON-CARBONATE HARDNESS | | | | | | | | | | TOTAL HARDNESS | | | | | | | | | |
|---------|------------------------|------|------|------|------|---------|------|------|------|------|----------------|------|------|------|------|---------|------|------|------|------|
| | RIVER | | | | | FILTERS | | | | | RIVER | | | | | FILTERS | | | | |
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2007 | 2008 | 2009 | 2010 | 2011 | 2007 | 2008 | 2009 | 2010 | 2011 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Maximum | 86 | 70 | 91 | 84 | 105 | 90 | 76 | 92 | 91 | 83 | 230 | 250 | 211 | 238 | 220 | 240 | 250 | 227 | 278 | 238 |
| Minimum | 10 | 4 | 0 | 0 | 17 | 12 | 15 | 0 | 0 | 26 | 113 | 114 | 110 | 116 | 115 | 120 | 114 | 130 | 140 | 132 |
| Average | 47 | 38 | 33 | 36 | 47 | 54 | 50 | 40 | 41 | 55 | 171 | 155 | 153 | 178 | 172 | 186 | 175 | 173 | 195 | 191 |

TABLE III

CARROLLTON BACTERIAL CHARACTERISTICS TOTAL COLIFORM ANALYSIS

| 2011 | River | Plant Tap | Distribution System |
|-----------------------------|-------|-----------|---------------------|
| Maximum (Colonies / 100 ml) | 2,900 | 0 | 36 |
| Minimum (Colonies / 100 ml) | 110 | 0 | 0 |
| Average (colonies / 100 ml) | 680 | 0 | 0 |
| Number of Samples | 359 | 365 | 2,446 |
| Number of Samples Negative | 0 | 365 | 2,442 |
| Number of Samples Positive | 359 | 0 | 4* |

* None of these 4 total coliform positive samples was *E. coli* positive, and none resulted in a violation of the Total Coliform Rule

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-A

PRINCIPLE RESULTS OF OPERATION OF THE GJ CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR
ENDING: December 31, 2011

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|-----------|-------------------|---|---|--|-------------------------------------|---------------------------------------|------------------------------------|--|----------------------------------|------------------------------|-------------------------------|--------------------------------|
| Month | | Total Million Gallons of Water Treated During Month | Amount of Water Treated Million Cubic Feet Per 24 Hours | Total Pounds of Polymer used at Intake | Polymer at Intake Parts Per Million | Total Pounds of Polymer used in Plant | Polymer in Plant Parts Per Million | Total Pounds of Pure Iron (Fe) used During Month | Pure Iron (Fe) Parts Per Million | NTU Turbidity of River Water | PPM Alkalinity of River Water | NTU Turbidity of Unit Effluent |
| January | Max Min Avg | 0.00 0.00 0.00 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 64 19 35 | 156 122 135 | |
| February | Max Min Avg | 0.00 0.00 0.00 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 53 30 38 | 163 120 142 | |
| March | Max Min Avg | 0.00 0.00 0.00 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 222 40 128 | 151 88 110 | |
| April | Max Min Avg | 0.00 0.00 0.00 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 69 27 51 | 121 91 105 | |
| May | Max Min Avg | 0.00 0.00 0.00 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 91 39 62 | 108 83 93 | |
| June | Max Min Avg | 0.00 0.00 0.00 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 51 28 44 | 150 99 114 | |
| July | Max Min Avg | 0.00 0.00 0.00 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 103 28 53 | 149 125 135 | |
| August | Max Min Avg | 0.00 0.00 0.00 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 0 0 0 | 0.00 0.00 0.00 | 64 20 41 | 158 140 149 | |
| September | Max Min Avg | 327.83 56.00 81.95 | 91.08 56.00 81.95 | 0 0 0 | 0.00 0.00 0.00 | 9.861 0 0 | 3.87 3.43 3.63 | 11.408 3.91 4.25 | 4.84 3.81 4.25 | 67 13 28 | 160 134 145 | 2.7 1.6 2.0 |
| October | Max Min Avg | 2,747.28 78.92 88.62 | 93.53 78.92 88.62 | 0 0 0 | 0.00 0.00 0.00 | 81.365 0 0 | 4.48 3.35 3.99 | 102.629 3.82 4.49 | 5.04 3.82 4.49 | 25 11 17 | 153 134 143 | 4.8 1.2 2.2 |
| November | Max Min Avg | 2,720.40 88.33 90.68 | 92.54 88.33 90.68 | 0 0 0 | 0.00 0.00 0.00 | 90.268 0 0 | 4.42 3.57 3.98 | 101.439 3.77 4.47 | 4.64 4.18 4.47 | 82 11 23 | 148 120 133 | 3.9 1.0 1.9 |
| December | Max Min Avg | 2,729.17 85.13 88.04 | 90.04 85.13 88.04 | 0 0 0 | 0.00 0.00 0.00 | 104.176 0 0 | 4.72 4.15 4.58 | 118.995 4.87 5.14 | 5.30 4.87 5.14 | 116 83 84 | 126 83 98 | 6.1 2.0 3.5 |
| Total | Max Min Avg | 8,524.35 2,747.28 327.83 | 324.35 83.83 88.80 | 0 0 0 | 0.00 0.00 0.00 | 295.670 104.176 94.463 | 4.72 3.38 4.16 | 332.472 115.995 105.221 | 5.30 4.87 4.68 | 282 51 51 | 163 83 125 | 6.1 1.0 2.5 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-B

**PRINCIPLE RESULTS OF OPERATION OF THE G4 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR
ENDING December 31, 2011**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|-----------|------|--|---|--|---|---|--|---|--|------------------------------------|-------------------------------------|--------------------------------------|
| Month | | Total Million Gallons of Water Treated During Month | Amount of Water Treated Million Gallons Per 24 Hours | Total Pounds of Polymer used at Intake | Polymer at Intake Parts Per Million | Total Pounds of Polymer used in Plant | Polymer in Plant Parts Per Million | Total Pounds of Polymer (Fe) used During Month | Pure Iron (Fe) Parts Per Million | NTU Turbidity of River Water | PPM Alkalinity of River Water | NTU Turbidity of Unit Effluent |
| January | Max. | | 88.63 | | 0.00 | | 3.58 | | 4.03 | 64 | 156 | 7.0 |
| | Min. | 2,609.08 | 79.83 | 0 | 0.00 | 68,819 | 2.85 | 75,984 | 3.28 | 19 | 122 | 1.9 |
| | Avg. | | 84.16 | | 0.00 | | 3.07 | | 3.49 | 35 | 135 | 3.5 |
| February | Max. | | 85.46 | | 0.00 | | 3.13 | | 3.53 | 53 | 163 | 10.0 |
| | Min. | 2,338.08 | 81.33 | 0 | 0.00 | 57,550 | 2.51 | 64,842 | 2.78 | 30 | 120 | 2.1 |
| | Avg. | | 83.50 | | 0.00 | | 2.89 | | 3.31 | 38 | 142 | 3.5 |
| March | Max. | | 82.54 | | 0.00 | | 3.61 | | 4.05 | 282 | 151 | 5.4 |
| | Min. | 2,452.25 | 75.54 | 0 | 0.00 | 66,778 | 2.41 | 75,167 | 2.71 | 40 | 88 | 1.8 |
| | Avg. | | 78.00 | | 0.00 | | 3.01 | | 3.37 | 128 | 110 | 3.3 |
| April | Max. | | 81.63 | | 0.00 | | 3.58 | | 4.02 | 69 | 121 | 3.8 |
| | Min. | 2,354.00 | 75.79 | 0 | 0.00 | 67,848 | 3.33 | 75,821 | 3.73 | 27 | 91 | 1.3 |
| | Avg. | | 78.47 | | 0.00 | | 3.48 | | 3.87 | 51 | 105 | 2.2 |
| May | Max. | | 82.54 | | 0.00 | | 4.17 | | 4.67 | 91 | 108 | 5.8 |
| | Min. | 2,434.08 | 75.08 | 0 | 0.00 | 76,201 | 4.08 | 85,198 | 4.56 | 39 | 83 | 2.0 |
| | Avg. | | 75.25 | | 0.00 | | 4.13 | | 4.61 | 62 | 93 | 3.4 |
| June | Max. | | 86.75 | | 0.00 | | 4.29 | | 4.81 | 61 | 150 | 4.2 |
| | Min. | 2,461.38 | 76.67 | 0 | 0.00 | 81,298 | 3.30 | 91,586 | 3.69 | 26 | 99 | 1.7 |
| | Avg. | | 81.61 | | 0.00 | | 3.94 | | 4.43 | 44 | 114 | 2.5 |
| July | Max. | | 87.42 | | 0.00 | | 4.88 | | 5.62 | 103 | 149 | 5.4 |
| | Min. | 2,558.58 | 74.71 | 0 | 0.00 | 89,741 | 3.23 | 100,954 | 3.64 | 28 | 125 | 1.1 |
| | Avg. | | 82.53 | | 0.00 | | 4.21 | | 4.74 | 53 | 135 | 2.9 |
| August | Max. | | 88.98 | | 0.00 | | 5.61 | | 6.08 | 64 | 158 | 4.1 |
| | Min. | 2,562.48 | 76.38 | 0 | 0.00 | 103,085 | 4.52 | 115,802 | 5.08 | 20 | 140 | 1.4 |
| | Avg. | | 78.43 | | 0.00 | | 4.73 | | 5.31 | 41 | 149 | 2.9 |
| September | Max. | | 89.63 | | 0.00 | | 5.25 | | 6.28 | 87 | 160 | 4.2 |
| | Min. | 2,229.21 | 33.79 | 0 | 0.00 | 77,795 | 3.60 | 88,003 | 4.08 | 13 | 134 | 1.7 |
| | Avg. | | 82.56 | | 0.00 | | 4.18 | | 4.75 | 28 | 145 | 3.0 |
| October | Max. | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 25 | 153 | |
| | Min. | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 11 | 134 | |
| | Avg. | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 17 | 143 | |
| November | Max. | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 82 | 148 | |
| | Min. | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 11 | 120 | |
| | Avg. | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 23 | 133 | |
| December | Max. | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 118 | 128 | |
| | Min. | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 42 | 83 | |
| | Avg. | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 84 | 98 | |
| Total | | 21,989.13 | | 0 | | 687,128 | | 773,255 | | | | |
| General | Max. | 2,609.08 | 89.63 | 0 | 0.00 | 103,085 | 5.61 | 115,802 | 6.28 | 282 | 163 | 10.0 |
| | Min. | 2,229.21 | 74.71 | 0 | 0.00 | 57,550 | 2.41 | 64,842 | 2.71 | 11 | 83 | 1.1 |
| | Avg. | 2,471.81 | 81.78 | 0 | 0.00 | 76,347 | 3.75 | 85,917 | 4.21 | 51 | 125 | 3.0 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-C

**PRINCIPLE RESULTS OF OPERATION OF THE L3 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR
ENDING- December 31, 2011**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|-----------|------|---|--|--|-------------------------------------|---------------------------------------|------------------------------------|--|----------------------------------|------------------------------|-------------------------------|--------------------------------|
| Month | | Total Million Gallons of Water Treated During Month | Amount of Water Treated Million Gallons Per 24 Hours | Total Pounds of Polymer used at Intake | Polymer at Intake Parts Per Million | Total Pounds of Polymer used in Plant | Polymer in Plant Parts Per Million | Total Pounds of Polymer (Fe) used During Month | Pure Iron (Fe) Parts Per Million | NTU Turbidity of River Water | PPM Alkalinity of River Water | NTU Turbidity of Unit Effluent |
| January | Max. | | 62.08 | | 0.00 | | 3.65 | | 4.10 | 64 | 156 | 63 |
| | Min. | 1,865.21 | 58.29 | 0 | 0.00 | 50,535 | 2.81 | 56,858 | 3.09 | 19 | 122 | 23 |
| | Avg. | | 60.17 | | 0.00 | | 3.25 | | 3.64 | 35 | 135 | 36 |
| February | Max. | | 61.42 | | 0.00 | | 3.63 | | 4.07 | 53 | 163 | 59 |
| | Min. | 1,654.48 | 58.21 | 0 | 0.00 | 46,822 | 2.93 | 52,441 | 3.32 | 30 | 120 | 24 |
| | Avg. | | 59.50 | | 0.00 | | 3.48 | | 3.81 | 38 | 142 | 34 |
| March | Max. | | 60.42 | | 0.00 | | 4.67 | | 5.24 | 282 | 151 | 87 |
| | Min. | 1,795.96 | 55.58 | 0 | 0.00 | 58,400 | 3.88 | 66,135 | 4.45 | 40 | 88 | 20 |
| | Avg. | | 57.87 | | 0.00 | | 4.22 | | 4.76 | 128 | 110 | 37 |
| April | Max. | | 59.00 | | 0.00 | | 4.48 | | 5.01 | 69 | 121 | 42 |
| | Min. | 1,704.88 | 54.04 | 0 | 0.00 | 47,710 | 3.33 | 53,701 | 3.33 | 27 | 91 | 16 |
| | Avg. | | 56.83 | | 0.00 | | 3.36 | | 3.76 | 51 | 105 | 28 |
| May | Max. | | 61.38 | | 0.00 | | 4.48 | | 5.08 | 91 | 108 | 63 |
| | Min. | 1,688.71 | 49.33 | 0 | 0.00 | 52,727 | 3.33 | 59,494 | 3.33 | 39 | 83 | 20 |
| | Avg. | | 58.29 | | 0.00 | | 3.75 | | 4.23 | 62 | 93 | 37 |
| June | Max. | | 66.42 | | 0.00 | | 4.52 | | 5.13 | 61 | 150 | 30 |
| | Min. | 1,811.29 | 55.54 | 0 | 0.00 | 61,974 | 3.79 | 70,239 | 4.29 | 28 | 99 | 17 |
| | Avg. | | 60.25 | | 0.00 | | 4.17 | | 4.73 | 44 | 114 | 21 |
| July | Max. | | 64.83 | | 0.00 | | 4.82 | | 5.47 | 103 | 148 | 41 |
| | Min. | 1,768.08 | 47.25 | 0 | 0.00 | 57,319 | 3.36 | 65,019 | 3.82 | 28 | 125 | 12 |
| | Avg. | | 57.03 | | 0.00 | | 3.90 | | 4.43 | 53 | 135 | 26 |
| August | Max. | | 57.88 | | 0.00 | | 5.84 | | 6.87 | 64 | 158 | 33 |
| | Min. | 1,701.83 | 51.70 | 0 | 0.00 | 61,821 | 3.74 | 69,824 | 4.26 | 20 | 140 | 13 |
| | Avg. | | 54.90 | | 0.00 | | 4.34 | | 4.92 | 41 | 148 | 24 |
| September | Max. | | 60.96 | | 0.00 | | 4.69 | | 5.28 | 87 | 160 | 40 |
| | Min. | 1,628.96 | 48.88 | 0 | 0.00 | 48,845 | 3.48 | 55,148 | 3.91 | 13 | 134 | 19 |
| | Avg. | | 54.33 | | 0.00 | | 3.50 | | 4.07 | 28 | 145 | 27 |
| October | Max. | | 60.71 | | 0.00 | | 4.01 | | 4.55 | 25 | 153 | 35 |
| | Min. | 1,854.83 | 47.71 | 0 | 0.00 | 48,982 | 3.10 | 55,505 | 3.89 | 11 | 134 | 13 |
| | Avg. | | 52.32 | | 0.00 | | 3.88 | | 4.20 | 17 | 143 | 21 |
| November | Max. | | 52.42 | | 0.00 | | 4.04 | | 4.55 | 82 | 148 | 24 |
| | Min. | 1,433.58 | 43.46 | 0 | 0.00 | 43,846 | 3.33 | 49,514 | 3.76 | 11 | 120 | 10 |
| | Avg. | | 47.79 | | 0.00 | | 3.68 | | 4.15 | 23 | 133 | 17 |
| December | Max. | | 57.48 | | 0.00 | | 5.04 | | 5.85 | 116 | 126 | 58 |
| | Min. | 1,569.00 | 46.67 | 0 | 0.00 | 58,533 | 3.53 | 66,838 | 4.01 | 42 | 83 | 19 |
| | Avg. | | 50.61 | | 0.00 | | 4.48 | | 5.11 | 84 | 98 | 34 |
| Total | | 20,277.78 | | 0 | | 637,313 | | 720,514 | | | | |
| General | Max. | 1,865.21 | 66.42 | 0 | 0.00 | 61,974 | 5.94 | 70,239 | 6.07 | 282 | 163 | 87 |
| | Min. | 1,433.58 | 43.46 | 0 | 0.00 | 43,846 | 2.27 | 49,514 | 3.09 | 11 | 83 | 10 |
| | Avg. | 1,689.82 | 55.56 | 0 | 0.00 | 53,109 | 3.77 | 60,043 | 4.26 | 51 | 125 | 28 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-D

**PRINCIPLE RESULTS OF OPERATION OF THE LA CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR
ENDING. December 31, 2011**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|-----------|------|--|---|--|---|---|--|---|--|------------------------------------|-------------------------------------|--------------------------------------|
| Month | | Total Million Gallons of Water Treated During Month | Amount of Water Treated Million Gallons Per 24 Hours | Total pounds of Polymer used at Intake | Polymer at Intake Parts Per Million | Total Pounds of Polymer used in Plant | Polymer in Plant Parts Per Million | Total Pounds of Pure Iron (Fe) used During Month | Pure Iron (Fe) Parts Per Million | NTU Turbidity of River Water | PPM Alkalinity of River Water | NTU Turbidity of Unit Effluent |
| | Max. | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 64 | 156 | |
| January | Min | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 19 | 122 | |
| | Avg | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 35 | 135 | |
| | Max | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 53 | 163 | |
| February | Min | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 30 | 120 | |
| | Avg | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 38 | 142 | |
| | Max | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 282 | 151 | |
| March | Min | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 40 | 88 | |
| | Avg | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 128 | 110 | |
| | Max | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 69 | 121 | |
| April | Min | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 27 | 91 | |
| | Avg | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 51 | 105 | |
| | Max | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 91 | 108 | |
| May | Min | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 39 | 83 | |
| | Avg | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 62 | 93 | |
| | Max | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 61 | 150 | |
| June | Min | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 28 | 99 | |
| | Avg | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 44 | 114 | |
| | Max | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 103 | 149 | |
| July | Min | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 28 | 125 | |
| | Avg | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 53 | 135 | |
| | Max | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 64 | 158 | |
| August | Min | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 20 | 140 | |
| | Avg | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 41 | 149 | |
| | Max | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 87 | 160 | |
| September | Min | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 13 | 134 | |
| | Avg | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 28 | 145 | |
| | Max | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 25 | 153 | |
| October | Min | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 11 | 134 | |
| | Avg | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 17 | 143 | |
| | Max | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 82 | 148 | |
| November | Min | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 11 | 120 | |
| | Avg | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 23 | 133 | |
| | Max | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 118 | 128 | |
| December | Min | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 42 | 83 | |
| | Avg | | 0.00 | | 0.00 | | 0.00 | | 0.00 | 84 | 98 | |
| Total | | 0.00 | | 0 | | 0 | | 0 | | | | |
| | Max | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 282 | 163 | |
| General | Min | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 11 | 83 | |
| | Avg | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 51 | 125 | |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-E

MONTHLY SUMMARY OF COMBINED OPERATION OF CONVENTIONAL UNITS AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING, December 31, 2011

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
|-----------|-----|---|--|--|---------------------------------------|---|----------------------------|--|--|------------------------|--|----------------------------|---|---------------------------|---|---------------------------------|--|-----------------------------|
| Month | | Total Million Gallons of Water Treated During Month | Amount of Water Treated Million Gallons Per 24 Hours | Total Pounds of Polymer used at Intake | Total Pounds of Polymer used in Plant | Total Pounds of Fluoride (100%) used During Month | Fluoride Parts Per Million | Total Pounds of Pure Iron (Fe) used During Month | Total Pounds of Lime Used During Month | Lime Parts per Million | Total Pounds of Chlorine Used During Month | Chlorine Parts Per Million | Total Pounds of Anhydrous Ammonia Used During Month | Ammonia Parts Per Million | Total Pounds of Polyphosphate Used During Month | Polyphosphate Parts Per Million | Alkalinity of Filtered Water Parts Per Million (OFE) | Estimated High Lift Pumpage |
| | Max | 4 474 32 | 148 88 | 0 | 117 354 | 13 992 | 0 42 | 132 642 | 585 351 | 19 92 | 174 504 | 4 87 | 45 133 | 1 12 | 17 629 | 0 52 | 167 | 150 00 |
| January | Min | 4 474 32 | 140 96 | 0 | 117 354 | 13 992 | 0 36 | 132 642 | 585 351 | 10 35 | 174 504 | 4 59 | 45 133 | 1 12 | 17 629 | 0 40 | 121 | 4 307 92 |
| | Avg | 4 474 32 | 144 33 | 0 | 117 354 | 13 992 | 0 39 | 132 642 | 585 351 | 15 89 | 174 504 | 4 68 | 45 133 | 1 21 | 17 629 | 0 47 | 148 | 138 97 |
| February | Max | 3 992 60 | 145 46 | 0 | 104 172 | 12 394 | 0 51 | 117 083 | 602 463 | 20 41 | 160 168 | 4 92 | 40 152 | 1 23 | 18 580 | 0 54 | 179 | 136 52 |
| | Min | 3 992 60 | 138 42 | 0 | 104 172 | 12 394 | 0 38 | 117 083 | 602 463 | 11 09 | 160 168 | 4 70 | 40 152 | 1 18 | 18 580 | 0 44 | 119 | 114 56 |
| | Avg | 3 992 60 | 142 59 | 0 | 104 172 | 12 394 | 0 42 | 117 083 | 602 463 | 18 08 | 160 168 | 4 81 | 40 152 | 1 21 | 18 580 | 0 50 | 155 | 126 83 |
| March | Max | 4 248 22 | 142 00 | 0 | 125 178 | 14 831 | 0 50 | 141 302 | 431 586 | 22 45 | 185 753 | 4 93 | 44 818 | 1 40 | 18 062 | 0 53 | 170 | 147 64 |
| | Min | 4 248 22 | 129 38 | 0 | 125 178 | 14 831 | 0 39 | 141 302 | 431 586 | 9 20 | 185 753 | 4 66 | 44 818 | 1 17 | 18 062 | 0 48 | 93 | 4 103 92 |
| | Avg | 4 248 22 | 137 04 | 0 | 125 178 | 14 831 | 0 44 | 141 302 | 431 586 | 12 18 | 185 753 | 4 79 | 44 818 | 1 28 | 18 062 | 0 51 | 123 | 132 38 |
| April | Max | 4 058 87 | 139 28 | 0 | 115 556 | 15 492 | 0 51 | 129 622 | 395 452 | 14 15 | 165 029 | 5 30 | 44 042 | 1 46 | 17 595 | 0 54 | 140 | 141 60 |
| | Min | 4 058 87 | 131 79 | 0 | 115 556 | 15 492 | 0 36 | 129 622 | 395 452 | 11 69 | 165 029 | 4 88 | 44 042 | 1 21 | 17 595 | 0 50 | 102 | 4 058 88 |
| | Avg | 4 058 87 | 135 30 | 0 | 115 556 | 15 492 | 0 46 | 129 622 | 395 452 | 11 69 | 165 029 | 4 88 | 44 042 | 1 30 | 17 595 | 0 52 | 120 | 135 30 |
| May | Max | 4 183 82 | 140 63 | 0 | 128 828 | 19 740 | 0 61 | 144 890 | 418 221 | 12 89 | 183 610 | 5 52 | 49 042 | 1 47 | 18 256 | 0 55 | 125 | 148 00 |
| | Min | 4 183 82 | 128 17 | 0 | 128 828 | 19 740 | 0 41 | 144 890 | 418 221 | 8 82 | 183 610 | 5 08 | 49 042 | 1 35 | 18 256 | 0 50 | 88 | 4 390 72 |
| | Avg | 4 183 82 | 134 96 | 0 | 128 828 | 19 740 | 0 54 | 144 890 | 418 221 | 11 99 | 183 610 | 5 28 | 49 042 | 1 41 | 18 256 | 0 52 | 102 | 141 64 |
| June | Max | 4 272 68 | 149 17 | 0 | 143 272 | 21 256 | 0 63 | 161 825 | 517 124 | 17 05 | 203 183 | 7 04 | 51 222 | 1 64 | 19 129 | 0 59 | 161 | 152 40 |
| | Min | 4 272 68 | 137 13 | 0 | 143 272 | 21 256 | 0 43 | 161 825 | 517 124 | 11 25 | 203 183 | 5 08 | 51 222 | 1 26 | 19 129 | 0 50 | 100 | 4 392 44 |
| | Avg | 4 272 68 | 142 42 | 0 | 143 272 | 21 256 | 0 58 | 161 825 | 517 124 | 14 53 | 203 183 | 5 70 | 51 222 | 1 44 | 19 129 | 0 54 | 125 | 148 41 |
| July | Max | 4 326 69 | 149 63 | 0 | 147 059 | 21 273 | 0 67 | 185 973 | 638 272 | 20 86 | 232 271 | 7 11 | 52 805 | 1 65 | 17 807 | 0 58 | 165 | 161 56 |
| | Min | 4 326 69 | 131 50 | 0 | 147 059 | 21 273 | 0 46 | 185 973 | 638 272 | 14 86 | 232 271 | 5 54 | 52 805 | 1 34 | 17 807 | 0 43 | 128 | 4 310 00 |
| | Avg | 4 326 69 | 139 57 | 0 | 147 059 | 21 273 | 0 58 | 185 973 | 638 272 | 17 75 | 232 271 | 6 44 | 52 805 | 1 47 | 17 807 | 0 50 | 144 | 139 03 |
| August | Max | 4 272 17 | 144 67 | 0 | 164 716 | 13 755 | 0 47 | 185 626 | 815 988 | 28 10 | 222 408 | 6 62 | 49 879 | 1 47 | 18 068 | 0 54 | 185 | 146 16 |
| | Min | 4 272 17 | 129 54 | 0 | 164 716 | 13 755 | 0 27 | 185 626 | 815 988 | 14 50 | 222 408 | 4 78 | 49 879 | 1 34 | 18 068 | 0 41 | 140 | 4 307 44 |
| | Avg | 4 272 17 | 137 81 | 0 | 164 716 | 13 755 | 0 38 | 185 626 | 815 988 | 22 43 | 222 408 | 6 25 | 49 879 | 1 40 | 18 068 | 0 48 | 156 | 138 95 |
| September | Max | 4 187 01 | 150 85 | 0 | 138 601 | 13 201 | 0 48 | 154 557 | 1 039 370 | 38 77 | 214 882 | 6 81 | 47 765 | 1 51 | 17 896 | 0 57 | 160 | 152 36 |
| | Min | 4 187 01 | 127 17 | 0 | 138 601 | 13 201 | 0 29 | 154 557 | 1 039 370 | 21 63 | 214 882 | 5 65 | 47 765 | 1 28 | 17 896 | 0 42 | 130 | 4 274 80 |
| | Avg | 4 187 01 | 139 57 | 0 | 138 601 | 13 201 | 0 37 | 154 557 | 1 039 370 | 29 70 | 214 882 | 6 16 | 47 765 | 1 37 | 17 896 | 0 51 | 150 | 142 49 |
| October | Max | 4 402 13 | 149 04 | 0 | 140 347 | 14 794 | 0 45 | 158 134 | 1 105 105 | 35 40 | 204 365 | 6 04 | 43 524 | 1 34 | 19 297 | 0 59 | 161 | 146 52 |
| | Min | 4 402 13 | 132 25 | 0 | 140 347 | 14 794 | 0 37 | 158 134 | 1 105 105 | 23 23 | 204 365 | 4 82 | 43 524 | 1 05 | 19 297 | 0 44 | 130 | 4 341 60 |
| | Avg | 4 402 13 | 142 00 | 0 | 140 347 | 14 794 | 0 41 | 158 134 | 1 105 105 | 30 08 | 204 365 | 5 56 | 43 524 | 1 18 | 19 297 | 0 53 | 145 | 140 05 |
| November | Max | 4 154 06 | 144 54 | 0 | 134 214 | 16 127 | 0 49 | 150 953 | 1 011 979 | 37 40 | 170 488 | 5 34 | 35 802 | 1 07 | 16 079 | 0 60 | 152 | 144 72 |
| | Min | 4 154 06 | 133 38 | 0 | 134 214 | 16 127 | 0 41 | 150 953 | 1 011 979 | 21 89 | 170 488 | 4 47 | 35 802 | 0 97 | 16 079 | 0 33 | 110 | 4 187 28 |
| | Avg | 4 154 06 | 138 47 | 0 | 134 214 | 16 127 | 0 46 | 150 953 | 1 011 979 | 29 18 | 170 488 | 4 92 | 35 802 | 1 03 | 16 079 | 0 48 | 135 | 139 58 |
| December | Max | 4 298 21 | 143 13 | 0 | 162 709 | 18 333 | 0 55 | 183 834 | 978 153 | 28 66 | 175 761 | 5 26 | 34 798 | 1 08 | 18 763 | 0 56 | 141 | 140 80 |
| | Min | 4 298 21 | 135 33 | 0 | 162 709 | 18 333 | 0 48 | 183 834 | 978 153 | 26 17 | 175 761 | 4 55 | 34 798 | 0 91 | 18 763 | 0 39 | 100 | 4 228 12 |
| | Avg | 4 298 21 | 138 65 | 0 | 162 709 | 18 333 | 0 52 | 183 834 | 978 153 | 27 29 | 175 761 | 4 85 | 34 798 | 0 97 | 18 763 | 0 52 | 121 | 138 39 |
| Total | | 50 870 78 | | 0 | 1 620 108 | 195 228 | | 1 826 241 | 8 539 068 | 27 29 | 2 274 392 | | 538 882 | | 213 262 | | | 50 454 2 |
| General | Max | 4 474 32 | 150 83 | 0 | 164 716 | 21 273 | 0 67 | 185 826 | 1 105 105 | 38 77 | 232 271 | 7 11 | 52 805 | 1 65 | 19 297 | 0 60 | 195 | 4 392 44 |
| | Min | 3 992 60 | 127 17 | 0 | 104 172 | 12 394 | 0 27 | 117 083 | 395 452 | 8 82 | 160 168 | 4 39 | 34 798 | 0 91 | 16 068 | 0 33 | 88 | 3 951 12 |
| | Avg | 4 239 23 | 139 37 | 0 | 135 009 | 16 269 | 0 46 | 152 187 | 711 589 | 20 13 | 189 533 | 5 36 | 44 907 | 1 27 | 17 772 | 0 50 | 135 | 4 204 52 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE V

PRINCIPLE RESULTS OF OPERATION OF THE ALGIERS WATER PURIFICATION PLANT FOR THE YEAR ENDING December 31, 2011

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
|-----------|----------------------|---|--|--|---|---|----------------------------------|---|--|--|---------------------------|---|--|--|----------------------------------|--|--|--|--|-------------------|
| Month | Max. Min. Avg. | Low Lift Total Million Gallons of Water Treated During Month | Amount of Water Treated Million Gallons Per 24 Hours | Total Pounds of Polyac- rylamide Used During Month | Polyac- rylamide Parts Per Million | Total Pounds of Fluoride (100%) Used During Month | Fluoride Parts Per Million | Total Pounds of Pure Iron (Fe) used During Month | Pure Iron (Fe) Parts Per Million | Total Pounds of Lime Used During Month | Lime Parts Per Million | Total Pounds of Anhydrous Ammonia Used During Month | Anhydrous Ammonia Parts Per Million | Total Pounds Chlorine Used During Month | Chlorine Parts Per Million | Total Pounds Polyphos- phate Used During Month | Polyphos- phate Parts Per Million | NTU Turbidity of Clarifier Effluent | PPM Clear Well Alkalinity of Filter Effluent | High Lift Pumpage |
| | | | | | | | | | | | | | | | | | | | | Total MGD |
| January | | 360.08 | 14.16 | 12,132 | 4.06 | 948 | 0.37 | 15,252 | 6.30 | 225,253 | 112.55 | 3,077 | 1.13 | 16,373 | 8.88 | 1,617 | 0.80 | 3.7 | 110 | 13.83 |
| | | | 10.08 | | 3.98 | | 0.25 | | 4.49 | | 50.10 | | 0.90 | | 5.01 | | 0.25 | 0.5 | 45 | 9.74 |
| | | | 11.62 | | 4.04 | | 0.32 | | 4.94 | | 74.89 | | 1.02 | | 5.46 | | 0.54 | 2.3 | 79 | 10.48 |
| February | | 320.66 | 12.00 | 10,811 | 4.07 | 972 | 0.45 | 14,160 | 6.29 | 178,632 | 91.30 | 2,721 | 1.08 | 14,839 | 7.35 | 1,613 | 0.77 | 11.0 | 120 | 11.03 |
| | | | 10.00 | | 3.98 | | 0.28 | | 4.72 | | 45.02 | | 0.88 | | 5.02 | | 0.43 | 0.6 | 60 | 9.26 |
| | | | 11.45 | | 4.04 | | 0.37 | | 5.51 | | 67.17 | | 1.02 | | 5.54 | | 0.61 | 2.5 | 94 | 10.32 |
| March | | 338.26 | 12.00 | 11,381 | 4.07 | 1,058 | 0.49 | 15,397 | 6.33 | 148,572 | 94.96 | 3,055 | 1.11 | 16,503 | 8.03 | 1,854 | 0.80 | 5.8 | 90 | 10.60 |
| | | | 10.00 | | 3.98 | | 0.27 | | 3.98 | | 28.96 | | 1.05 | | 5.44 | | 0.41 | 0.6 | 57 | 8.83 |
| | | | 10.91 | | 4.03 | | 0.39 | | 5.48 | | 53.03 | | 1.08 | | 5.85 | | 0.68 | 1.9 | 76 | 9.51 |
| April | | 330.69 | 13.68 | 11,120 | 4.07 | 1,193 | 0.55 | 16,140 | 7.48 | 165,114 | 79.87 | 3,025 | 1.14 | 14,913 | 5.76 | 1,866 | 1.10 | 24.0 | 92 | 11.21 |
| | | | 10.00 | | 3.98 | | 0.32 | | 4.58 | | 46.06 | | 1.06 | | 4.88 | | 0.50 | 0.4 | 47 | 8.73 |
| | | | 11.02 | | 4.03 | | 0.44 | | 5.89 | | 59.75 | | 1.10 | | 5.42 | | 0.88 | 1.8 | 65 | 10.00 |
| May | | 358.57 | 13.33 | 12,088 | 4.06 | 1,500 | 0.60 | 18,422 | 7.75 | 168,000 | 70.02 | 3,354 | 1.25 | 16,380 | 6.01 | 2,134 | 1.00 | 6.6 | 88 | 12.03 |
| | | | 10.00 | | 3.98 | | 0.34 | | 5.35 | | 41.38 | | 0.95 | | 4.89 | | 0.50 | 0.2 | 48 | 9.55 |
| | | | 11.57 | | 4.04 | | 0.50 | | 6.20 | | 58.07 | | 1.12 | | 5.50 | | 0.71 | 1.5 | 64 | 10.77 |
| June | | 380.00 | 15.50 | 12,763 | 4.07 | 1,696 | 0.71 | 18,641 | 7.52 | 250,624 | 105.37 | 3,478 | 1.27 | 14,928 | 4.17 | 1,918 | 1.20 | 3.8 | 48 | 14.58 |
| | | | 10.00 | | 3.98 | | 0.39 | | 4.84 | | 56.88 | | 0.92 | | 4.83 | | 0.26 | 0.5 | 80 | 11.20 |
| | | | 12.67 | | 4.03 | | 0.54 | | 5.98 | | 77.23 | | 1.10 | | 4.69 | | 0.61 | 1.9 | 58 | 12.31 |
| July | | 370.17 | 13.75 | 11,264 | 4.08 | 1,732 | 0.71 | 17,689 | 7.47 | 338,169 | 148.47 | 3,883 | 1.39 | 15,520 | 5.48 | 2,117 | 1.07 | 3.7 | 71 | 12.85 |
| | | | 10.00 | | 3.16 | | 0.44 | | 5.04 | | 72.94 | | 1.06 | | 4.26 | | 0.34 | 0.8 | 39 | 10.39 |
| | | | 11.94 | | 3.85 | | 0.58 | | 5.77 | | 110.18 | | 1.26 | | 5.03 | | 0.69 | 1.8 | 51 | 11.36 |
| August | | 378.67 | 14.00 | 13,541 | 5.03 | 1,766 | 0.78 | 14,702 | 6.82 | 328,405 | 130.48 | 4,609 | 1.60 | 18,440 | 6.42 | 2,333 | 1.18 | 9.8 | 73 | 13.05 |
| | | | 10.00 | | 3.56 | | 0.43 | | 3.37 | | 79.85 | | 0.89 | | 4.81 | | 0.57 | 0.6 | 44 | 10.13 |
| | | | 12.25 | | 4.27 | | 0.57 | | 4.70 | | 103.89 | | 1.46 | | 5.82 | | 0.75 | 4.1 | 58 | 11.89 |
| September | | 349.16 | 14.00 | 13,484 | 5.12 | 1,483 | 0.69 | 15,947 | 6.98 | 242,118 | 109.97 | 4,050 | 1.63 | 16,207 | 8.82 | 2,200 | 1.20 | 15.9 | 85 | 12.23 |
| | | | 10.00 | | 4.48 | | 0.39 | | 3.65 | | 57.66 | | 1.15 | | 4.57 | | 0.59 | 1.1 | 60 | 10.25 |
| | | | 11.64 | | 4.63 | | 0.52 | | 5.53 | | 83.34 | | 1.39 | | 5.58 | | 0.76 | 5.3 | 74 | 11.17 |
| October | | 358.49 | 14.00 | 13,481 | 4.55 | 1,435 | 0.72 | 17,212 | 7.25 | 266,186 | 108.87 | 4,090 | 1.76 | 16,384 | 7.09 | 2,200 | 1.20 | 12.8 | 78 | 11.88 |
| | | | 10.00 | | 4.48 | | 0.32 | | 4.47 | | 63.19 | | 0.89 | | 4.83 | | 0.57 | 1.9 | 60 | 10.50 |
| | | | 11.96 | | 4.51 | | 0.49 | | 5.83 | | 89.18 | | 1.37 | | 5.49 | | 0.75 | 5.7 | 68 | 11.07 |
| November | | 369.49 | 16.83 | 13,920 | 4.55 | 1,745 | 0.82 | 17,074 | 7.03 | 241,259 | 88.67 | 3,347 | 1.21 | 13,385 | 4.84 | 2,087 | 1.16 | 11.2 | 86 | 13.05 |
| | | | 10.00 | | 4.50 | | 0.34 | | 3.23 | | 60.02 | | 1.01 | | 4.01 | | 0.55 | 0.7 | 59 | 10.19 |
| | | | 12.32 | | 4.52 | | 0.58 | | 5.68 | | 78.14 | | 1.09 | | 4.35 | | 0.68 | 3.9 | 70 | 11.53 |
| December | | 385.36 | 16.00 | 13,826 | 4.57 | 1,683 | 0.89 | 17,378 | 7.88 | 162,833 | 88.78 | 2,944 | 1.06 | 14,537 | 5.34 | 1,900 | 0.80 | 6.1 | 83 | 12.30 |
| | | | 10.00 | | 4.46 | | 0.43 | | 4.67 | | 35.85 | | 0.93 | | 4.45 | | 0.25 | 0.5 | 54 | 10.63 |
| | | | 11.79 | | 4.54 | | 0.88 | | 5.81 | | 53.57 | | 0.97 | | 4.77 | | 0.63 | 2.2 | 69 | 11.40 |
| Total | | 4,260.60 | 149.831 | 149,831 | 17,571 | 17,571 | | 188,014 | | 2,717,258 | 41,633 | 41,633 | 1,88,419 | | 23,817 | | | | | 4,004.13 |
| General | | 360.00 | 18.83 | 13,820 | 5.12 | 1,683 | 0.89 | 18,841 | 7.88 | 339,169 | 148.47 | 4,608 | 1.76 | 18,440 | 7.35 | 2,333 | 1.20 | 24.0 | 120 | 14.58 |
| | | 320.66 | 10.00 | 10,811 | 3.16 | 948 | 0.25 | 14,160 | 3.23 | 149,572 | 29.96 | 2,721 | 0.90 | 13,385 | 4.01 | 1,813 | 0.25 | 0.2 | 39 | 8.63 |
| | | 356.72 | 11.73 | 12,488 | 4.20 | 1,464 | 0.49 | 16,501 | 5.55 | 226,438 | 76.11 | 3,469 | 1.17 | 15,702 | 5.26 | 1,985 | 0.67 | 2.9 | 69 | 10.97 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE VI-A

MONTHLY SUMMARY OF CARROLLTON WATER PURIFICATION PLANT FILTER OPERATIONS
FOR THE YEAR ENDING: December 31, 2011

| 1 Month | 2 | 3 Total Million Gallons Water Filtered During Month | | 4 Total Number of Runs | | 5 Length of Runs in Hours | | 6 Million Gallons of Water Filtered Per Run | | 7 Million Gallons Per Day Per Filter | | 8 Total Amount in Million Gallons of Wash Water Used | | 9 Million Gallons of Wash Water Used Per Run | | 10 Percentage of Wash Water Used Per Run | | 11 Million Gallons Filtered Per Acre Per Day | |
|------------|-----|--|------------|------------------------------|-----|---------------------------------|-----|---|--------|--|-------|---|---------|---|-------|---|------|---|--------|
| | | Old | New | Old | New | Old | New | Old | New | Old | New | Old | New | Old | New | Old | New | Old | New |
| January | Max | 1 830 102 | 2 495 156 | 90 | 82 | 170 | 167 | 27 600 | 37 706 | 2 827 | 4 896 | 27 600 | 70 700 | 0 297 | 0 862 | 2 13 | 3 73 | 86 064 | 81 239 |
| | Min | | | | | 164 | 136 | 21 880 | 23 121 | | | | | | | 1 36 | 2 29 | | |
| | Avg | | | | | 167 | 149 | 19 673 | 30 429 | | | | | | | 1 51 | 2 83 | | |
| February | Max | 1 725 300 | 1 795 381 | 88 | 72 | 168 | 162 | 26 100 | 33 334 | 2 828 | 4 041 | 26 100 | 58 800 | 0 297 | 0 817 | 2 13 | 4 05 | 86 088 | 57 062 |
| | Min | | | | | 114 | 138 | 20 875 | 20 180 | | | | | | | 1 42 | 2 45 | | |
| | Avg | | | | | 165 | 148 | 19 607 | 24 938 | | | | | | | 1 51 | 3 28 | | |
| March | Max | 1 906 875 | 2 103 845 | 101 | 78 | 168 | 170 | 30 300 | 34 816 | 2 716 | 4 416 | 30 300 | 82 000 | 0 300 | 0 818 | 2 19 | 3 87 | 82 671 | 73 284 |
| | Min | | | | | 165 | 137 | 21 000 | 21 100 | | | | | | | 1 43 | 2 38 | | |
| | Avg | | | | | 167 | 151 | 19 888 | 27 708 | | | | | | | 1 58 | 2 84 | | |
| April | Max | 1 807 341 | 2 239 979 | 82 | 78 | 168 | 160 | 27 600 | 33 641 | 2 823 | 4 731 | 27 600 | 62 300 | 0 300 | 0 799 | 2 17 | 3 22 | 85 939 | 78 501 |
| | Min | | | | | 168 | 137 | 21 000 | 24 826 | | | | | | | 1 43 | 2 38 | | |
| | Avg | | | | | 167 | 148 | 19 645 | 28 718 | | | | | | | 1 53 | 2 78 | | |
| May | Max | 1 802 081 | 2 444 280 | 97 | 80 | 171 | 163 | 29 100 | 35 968 | 2 825 | 4 651 | 29 100 | 63 100 | 0 300 | 0 789 | 2 21 | 4 34 | 86 006 | 82 162 |
| | Min | | | | | 163 | 137 | 21 375 | 18 171 | | | | | | | 1 40 | 3 12 | | |
| | Avg | | | | | 167 | 148 | 19 609 | 30 554 | | | | | | | 1 53 | 2 58 | | |
| June | Max | 1 892 617 | 2 496 232 | 98 | 74 | 169 | 168 | 27 721 | 30 137 | 2 820 | 5 845 | 36 600 | 84 560 | 0 373 | 0 872 | 3 73 | 4 60 | 85 853 | 80 672 |
| | Min | | | | | 120 | 139 | 10 000 | 18 958 | | | | | | | 1 72 | 2 29 | | |
| | Avg | | | | | 164 | 143 | 19 312 | 33 733 | | | | | | | 1 93 | 2 59 | | |
| July | Max | 1 881 145 | 2 452 725 | 90 | 80 | 216 | 175 | 27 000 | 37 401 | 2 839 | 4 839 | 44 900 | 84 100 | 0 483 | 0 801 | 4 08 | 3 33 | 89 486 | 80 304 |
| | Min | | | | | 71 | 139 | 11 841 | 24 026 | | | | | | | 1 79 | 2 14 | | |
| | Avg | | | | | 165 | 152 | 20 272 | 30 659 | | | | | | | 2 39 | 2 61 | | |
| August | Max | 1 867 472 | 2 453 059 | 102 | 78 | 170 | 167 | 21 250 | 37 121 | 2 631 | 5 111 | 44 000 | 62 400 | 0 431 | 0 800 | 5 56 | 3 80 | 90 091 | 84 819 |
| | Min | | | | | 163 | 120 | 7 753 | 21 058 | | | | | | | 2 03 | 2 16 | | |
| | Avg | | | | | 167 | 148 | 18 308 | 31 450 | | | | | | | 2 36 | 2 54 | | |
| September | Max | 1 846 777 | 2 352 147 | 96 | 80 | 168 | 167 | 21 000 | 34 791 | 2 789 | 5 041 | 42 000 | 66 400 | 0 438 | 0 830 | 3 20 | 7 01 | 84 276 | 83 654 |
| | Min | | | | | 154 | 54 | 13 667 | 11 841 | | | | | | | 2 08 | 2 39 | | |
| | Avg | | | | | 167 | 140 | 19 237 | 28 402 | | | | | | | 2 27 | 2 82 | | |
| October | Max | 1 720 634 | 2 674 905 | 80 | 78 | 172 | 171 | 21 500 | 40 875 | 2 683 | 5 285 | 42 900 | 63 240 | 0 481 | 0 811 | 3 42 | 2 88 | 81 072 | 87 362 |
| | Min | | | | | 162 | 141 | 13 500 | 28 170 | | | | | | | 2 15 | 1 98 | | |
| | Avg | | | | | 167 | 156 | 18 501 | 34 284 | | | | | | | 2 49 | 2 36 | | |
| November | Max | 1 706 388 | 2 514 850 | 96 | 78 | 168 | 168 | 21 000 | 39 280 | 2 555 | 5 298 | 46 100 | 62 500 | 0 480 | 0 801 | 3 45 | 3 96 | 77 783 | 87 918 |
| | Min | | | | | 187 | 101 | 13 917 | 20 264 | | | | | | | 2 28 | 2 04 | | |
| | Avg | | | | | 167 | 146 | 17 775 | 37 242 | | | | | | | 2 70 | 2 49 | | |
| December | Max | 1 720 086 | 2 429 466 | 92 | 84 | 173 | 192 | 21 625 | 46 817 | 2 692 | 5 140 | 40 700 | 65 200 | 0 442 | 0 778 | 3 68 | 7 50 | 81 931 | 85 298 |
| | Min | | | | | 161 | 57 | 12 083 | 10 346 | | | | | | | 2 05 | 1 67 | | |
| | Avg | | | | | 167 | 135 | 18 703 | 28 922 | | | | | | | 2 37 | 2 88 | | |
| Total | | 21 807 450 | 28 454 037 | 1 141 | 940 | | | | | | | 437 900 | 765 300 | | | | | | |
| General | Max | 1 906 875 | 2 674 905 | 102 | 84 | 216 | 192 | 30 300 | 46 817 | 2 839 | 5 845 | 46 100 | 70 700 | 0 483 | 0 872 | 5 56 | 7 50 | 89 466 | 89 672 |
| | Min | 1 706 388 | 1 795 381 | 88 | 72 | 71 | 54 | 7 753 | 10 346 | 2 555 | 4 041 | 26 100 | 58 800 | 0 297 | 0 778 | 1 36 | 1 67 | 77 763 | 67 062 |
| | Avg | 1 817 288 | 2 371 170 | 96 | 78 | 167 | 147 | 19 123 | 30 754 | 2 757 | 4 948 | 36 492 | 63 775 | 0 394 | 0 815 | 2 02 | 2 71 | 83 535 | 82 106 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE VI-B

MONTHLY SUMMARY OF ALGERS FILTER OPERATIONS FOR THE YEAR ENDING: December 31, 2011

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-----------|----------------------|---|----------------------|-------------------------|---|------------------------------------|--|--|---------------------------------------|
| Month | | Total Million Gallons Water Filtered During Month of Runs | Total Number of Runs | Length of Runs in Hours | Million Gallons of Water Filtered Per Run | Million Gallons Per Day Per Filter | Total Amount in Million Gallons of Wash Water Used | Million Gallons of Wash Water Used Per Run | Percentage of Wash Water Used Per Run |
| January | Max. Min. Avg. | 358 02 | 51 | 170 164 168 | 7 084 5 729 6 781 | 0 97 | 6 62 | 0 130 | 2 26 1 83 1 91 |
| February | Max. Min. Avg. | 310 77 | 48 | 163 164 168 | 7 042 5 084 6 883 | 0 97 | 5 19 | 0 108 | 2 13 1 53 1 82 |
| March | Max. Min. Avg. | 338 16 | 57 | 170 164 167 | 7 084 4 770 6 439 | 0 93 | 8 45 | 0 113 | 2 37 1 80 1 76 |
| April | Max. Min. Avg. | 338 05 | 48 | 169 163 167 | 7 000 3 980 6 346 | 0 91 | 5 62 | 0 117 | 2 94 1 87 1 84 |
| May | Max. Min. Avg. | 358 41 | 54 | 172 164 168 | 7 167 5 042 6 680 | 0 95 | 6 18 | 0 123 | 2 45 1 72 1 85 |
| June | Max. Min. Avg. | 376 44 | 54 | 170 164 167 | 8 792 6 104 7 331 | 1 05 | 6 67 | 0 123 | 2 02 1 40 1 68 |
| July | Max. Min. Avg. | 387 35 | 48 | 170 162 167 | 8 358 5 104 6 880 | 0 99 | 5 90 | 0 123 | 2 41 1 47 1 78 |
| August | Max. Min. Avg. | 376 49 | 57 | 177 162 167 | 8 104 6 271 7 032 | 1 01 | 7 48 | 0 131 | 2 09 1 61 1 85 |
| September | Max. Min. Avg. | 348 60 | 51 | 170 164 167 | 7 125 5 707 6 780 | 0 98 | 6 61 | 0 130 | 2 27 1 82 1 91 |
| October | Max. Min. Avg. | 356 49 | 51 | 165 167 168 | 7 187 5 355 6 685 | 0 98 | 6 62 | 0 130 | 2 42 1 81 1 94 |
| November | Max. Min. Avg. | 387 58 | 54 | 181 144 168 | 8 378 5 916 7 090 | 1 01 | 7 40 | 0 137 | 2 32 1 64 1 93 |
| December | Max. Min. Avg. | 381 57 | 51 | 170 163 167 | 7 605 5 501 6 841 | 0 98 | 6 56 | 0 129 | 2 34 1 69 1 88 |
| Total | | 4281 92 | 624 | | | | 77 28 | 1 48 | |
| General | Max. Min. Avg. | 376 49 310 77 355 18 | 57 48 52 | 181 144 168 | 8 792 3 980 6 830 | 1 05 0 91 0 93 | 7 46 5 19 6 44 | 0 137 0 108 0 124 | 2 94 1 40 1 81 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE VII

FIVE YEAR ANALYSIS COMPOSITE DATA (2007 - 2011) FOR NEW ORLEANS DRINKING WATER PURIFICATION SYSTEM

As of December 31, 2011

| PARAMETER | MISSISSIPPI RIVER (Before Purification) | | | FINISHED WATER (After Purification) | | |
|---|--|------|------|--|-------|-------|
| | MAX | MIN | AVG | MAX | MIN | AVG |
| Total Alkalinity (ppm as CaCO ₃) | 121 | 78 | 126 | 227 | 78 | 135 |
| Total Hardness (ppm as CaCO ₃) | 230 | 110 | 166 | 270 | 122 | 184 |
| Noncarbonate Hardness (ppm as CaCO ₃) | 105 | 0 | 40 | 120 | 0 | 49 |
| Calcium Hardness (ppm as CaCO ₃) | 187 | 70 | 116 | 204 | 75 | 134 |
| Magnesium Hardness (ppm as CaCO ₃) | 104 | 0 | 50 | 164 | 2 | 50 |
| Nephelometric Turbidity (NTU) | 320 | 2.5 | 65 | 0.32 | 0.06 | 0.13 |
| pH | 8.40 | 7.15 | 7.86 | 9.53 | 7.22 | 8.82 |
| Chloride (ppm) | 82 | 10 | 41 | 83 | 14 | 42 |
| Fluoride (ppm) | 0.58 | 0.09 | 0.25 | 1.25 | 0.16 | 0.73 |
| Total Dissolved Solids (ppm) | 490 | 88 | 255 | 410 | 114 | 229 |
| Total Suspended Solids (ppm) | 215 | 7 | 84 | --- | --- | --- |
| Free Chlorine Residual (ppm as Cl ₂) | --- | --- | --- | 0.8 | 0.0 | 0.3 |
| Total Chlorine Residual (ppm as Cl ₂) | --- | --- | --- | 5.7 | 0.0 | 3.1 |
| Ammonia (ppm as N) | --- | --- | --- | 0.73 | 0.00 | 0.14 |
| Nitrate + Nitrite (ppm as N) * | --- | --- | --- | 2 | 1.1 | 1.7 |
| Conductivity (µS/cm) | 610 | 177 | 356 | 650 | 185 | 402 |
| Temperature (°F) | 90 | 37 | 66 | 90 | 41 | 73 |
| Aluminum (ppm) * | --- | --- | --- | 0.08 | 0.00 | 0.02 |
| Antimony (ppm) * | --- | --- | --- | 0.000 | 0.000 | 0.000 |
| Arsenic (ppm) * | --- | --- | --- | 0.001 | 0.000 | 0.001 |
| Barium (ppm) * | --- | --- | --- | 0 | 0 | 0 |
| Beryllium (ppm) * | --- | --- | --- | 0.000 | 0.000 | 0.000 |
| Cadmium (ppm) * | --- | --- | --- | 0.000 | 0.000 | 0.000 |
| Chromium (ppm) * | --- | --- | --- | 0.00 | 0.00 | 0.00 |
| Copper (ppm) * | --- | --- | --- | 0.9 | 0.0 | 0.1 |
| Iron (ppm) * | --- | --- | --- | 0.02 | 0.00 | 0.01 |
| Lead (ppm) * | --- | --- | --- | 0.033 | 0.000 | 0.005 |
| Manganese (ppm) * | --- | --- | --- | 0.00 | 0.00 | 0.00 |
| Mercury (ppm) * | --- | --- | --- | 0.000 | 0.000 | 0.000 |
| Nickel (ppm) * | --- | --- | --- | 0.0 | 0.0 | 0.0 |
| Selenium (ppm) * | --- | --- | --- | 0.00 | 0.00 | 0.00 |
| Silver (ppm) * | --- | --- | --- | 0.00 | 0.00 | 0.00 |
| Thallium (ppm) * | --- | --- | --- | 0.000 | 0.000 | 0.000 |
| Zinc (ppm) * | --- | --- | --- | 0 | 0 | 0 |
| Potassium (ppm) * | --- | --- | --- | 8.8 | 3.3 | 6.0 |
| Sodium (ppm) * | --- | --- | --- | 41.8 | 17.0 | 26.8 |
| Haloacetic Acids (HAA5) (ppb) | --- | --- | --- | 28.0 | 0.0 | 18.0 |
| Total Organic Carbon (ppm) | 5.0 | 3.1 | 4.0 | 4.1 | 2.2 | 3.0 |
| Total Trihalomethanes (ppb) | 1.8 | 0.0 | 0.0 | 43.6 | 7.9 | 26.2 |
| 1, 2-Dichloroethane (ppb) | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Chloroform (ppb) | 1.8 | 0.0 | 0.0 | 32.1 | 5.2 | 17.7 |
| Carbon Tetrachloride (ppb) | 0.1 | 0.0 | 0.0 | 2.1 | 0.0 | 0.0 |
| Bromodichloromethane (ppb) | 0.2 | 0.0 | 0.0 | 12.8 | 0.6 | 7.1 |
| Tetrachloroethene (ppb) | 0.1 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| BTX (Benzene, Toluene & Xylenes) (ppb) | 0.6 | 0.0 | 0.0 | 1.8 | 0.0 | 0.0 |
| Total Coliforms (CFUs/100 ml) | 11200 | 44 | 900 | 36 | 0 | 0 |
| Fecal Coliforms (CFUs/100 ml) | 4100 | 7 | 120 | 0 | 0 | 0 |

The results for constituents indicated with asterisks are from the Louisiana Department of Health and Hospitals

Total Organic Carbon and Haloacetic Acid results are from a DHH certified contract laboratory

All other results are from testing by the S&WB Water Quality Laboratory

Lead and Copper results are from 2008 and 2010, testing is only required triennially

Concerning the chemical results, the S&WB Laboratory does not meet the higher criteria required by DHH to be classified as a "DHH-OPH Certified Chemical Laboratory/Drinking Water," therefore, any results reported by this laboratory for chemical drinking water parameters which are required to be analyzed in a certified laboratory are officially deemed invalid

The S&WB Laboratory is certified by DHH for Total Coliform and Fecal Coliform testing

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE VIII
As of December 31, 2011

CARROLLTON OPERATION

| CHEMICAL | CHEMICAL COST | CHEMICAL COST PER MILLION GALLONS |
|--------------------------------|--------------------|--------------------------------------|
| Lime | \$639,413 | \$12.57 |
| Ferric Coagulant | \$1,082,024 | \$21.27 |
| Chlorine & Sodium Hypochlorite | \$965,565 | \$18.98 |
| Sodium Polyphosphate | \$100,618 | \$1.98 |
| Polyelectrolyte | \$487,714 | \$9.59 |
| Fluoride | \$304,624 | \$5.99 |
| Ammonia | \$280,311 | \$5.51 |
| Carbon | \$0 | \$0.00 |
| TOTAL CHEMICALS | \$3,860,269 | \$75.88 |

Purification Plant Operating Cost

Total Water Treated in 2011

50,870,780,000 Gallons

TOTAL COST PER MILLION GALLONS

| YEAR | TOTAL WATER TREATED IN MILLION GALLONS | OPERATING COST | TOTAL COST PER MILLION GALLONS |
|------|--|----------------|-----------------------------------|
| 2011 | 50,870.78 | \$7,342,571 | \$144.34 |
| 2010 | 50,040.84 | \$7,868,284 | \$157.24 |
| 2009 | 50,515.38 | \$7,672,872 | \$151.89 |
| 2008 | 48,867.31 | \$8,283,745 | \$169.52 |
| 2007 | 48,931.79 | \$6,499,521 | \$132.83 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IX
As of December 31, 2011

ALGIERS OPERATION

| CHEMICAL | CHEMICAL COST | CHEMICAL COST PER MILLION GALLONS |
|------------------------|------------------|--------------------------------------|
| Lime | \$244,542 | \$57.13 |
| Ferric Coagulant | \$116,925 | \$27.32 |
| Sodium Hypochlorite | \$79,877 | \$18.66 |
| Sodium Polyphosphate | \$23,859 | \$5.57 |
| Polyelectrolyte | \$44,205 | \$10.33 |
| Fluoride (100%) | \$26,513 | \$6.19 |
| Ammonia | \$27,244 | \$6.36 |
| Carbon | \$0 | \$0.00 |
| TOTAL CHEMICALS | \$563,166 | \$131.56 |

Purification Plant Operating Cost:

Total Water Treated in 2011:

4,280,600,000 Gallons

TOTAL COST PER MILLION GALLONS

| YEAR | TOTAL WATER TREATED IN MILLION | OPERATING COST | TOTAL COST PER MILLION GALLONS |
|------|-----------------------------------|----------------|-----------------------------------|
| 2011 | 4,280.60 | \$1,834,511 | \$428.56 |
| 2010 | 4,105.81 | \$1,995,926 | \$486.12 |
| 2009 | 3,935.84 | \$1,894,092 | \$481.24 |
| 2008 | 3,788.95 | \$2,029,729 | \$535.70 |
| 2007 | 4,427.16 | \$1,700,033 | \$384.00 |
| 2006 | 4,261.05 | \$1,435,527 | \$336.90 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE X
As of December 31, 2011
SLUDGE REMOVED FROM THE "G" BASINS PRIMARY TREATMENT UNITS
DOOR MONORAKE CONVENTIONAL SYSTEM
2011

| | |
|---|-----------|
| Total Million Gallons Water Treated | 30,523.88 |
| Total Tons Dry Sludge Deposited in Basins Including suspended and Dissolved Solids Removed and Reacting Chemicals | 6.622 |
| Total Million Gallons Wet Sludge Withdrawn from Basins | 765.80 |
| Average Percent solids in Wet Sludge | 0.21 |
| Total Million Gallons Water Used in withdrawing Sludge | 765.14 |
| Percent of Total Water Treated Used in Withdrawing Wet Sludge | 2.51 |

TABLE X-A
SLUDGE REMOVED FROM THE "L" BASINS PRIMARY TREATMENT UNITS
DOOR MONORAKE CONVENTIONAL SYSTEM
2011

| | |
|---|-----------|
| Total Million Gallons Water Treated | 20,277.79 |
| Total Tons Dry Sludge Deposited in Basins Including suspended and Dissolved Solids Removed and Reacting Chemicals | 5.822 |
| Total Million Gallons Wet Sludge Withdrawn from Basins | 362.96 |
| Average Percent solids in Wet Sludge | 0.38 |
| Total Million Gallons Water Used in withdrawing Sludge | 362.37 |
| Percent of Total Water Treated Used in Withdrawing Wet Sludge | 1.79 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE XI
DRINKING WATER PURIFICATION SYSTEM
2011 ANALYSIS DATA FOR NEW ORLEANS
As of December 31, 2011

| PARAMETER | MISSISSIPPI RIVER (Before Purification) | | | FINISHED WATER (After Purification) | | |
|---|--|-------|-------|--|-------|-------|
| | MAX | MIN | AVG | MAX | MIN | AVG |
| Total Alkalinity (ppm as CaCO ₃) | 163 | 83 | 125 | 180 | 82 | 134 |
| Total Hardness (ppm as CaCO ₃) | 220 | 115 | 172 | 270 | 122 | 191 |
| Noncarbonate Hardness (ppm as CaCO ₃) | 105 | 17 | 47 | 120 | 14 | 56 |
| Calcium Hardness (ppm as CaCO ₃) | 187 | 70 | 125 | 191 | 91 | 143 |
| Magnesium Hardness (ppm as CaCO ₃) | 97 | 1 | 48 | 114 | 2 | 48 |
| Nephelometric Turbidity (NTU) | 282 | 11 | 51 | 0.22 | 0.07 | 0.13 |
| pH | 8.19 | 7.38 | 7.88 | 9.53 | 7.70 | 8.89 |
| Chloride (ppm) | 53 | 15 | 34 | 55 | 17 | 37 |
| Fluoride (ppm) | 0.47 | 0.10 | 0.27 | 1.17 | 0.53 | 0.80 |
| Total Dissolved Solids (ppm) | 490 | 158 | 296 | 410 | 131 | 279 |
| Total Suspended Solids (ppm) | 131 | 15 | 62 | ----- | ----- | ----- |
| Free Chlorine Residual (ppm as Cl ₂) | ----- | ----- | ----- | 0.4 | 0.1 | 0.3 |
| Total Chlorine Residual (ppm as Cl ₂) | ----- | ----- | ----- | 4.8 | 0.0 | 3.3 |
| Ammonia (ppm as N) | ----- | ----- | ----- | 0.33 | 0.01 | 0.12 |
| Nitrate + Nitrite (ppm as N) * | ----- | ----- | ----- | 2 | 2 | 2 |
| Sulfate (ppm) * | ----- | ----- | ----- | 0 | 0 | 0 |
| Conductivity (µS/cm) | 610 | 243 | 456 | 627 | 293 | 502 |
| Temperature (°F) | 90 | 40 | 65 | 40 | 53 | 72 |
| Aluminum (ppm) * | ----- | ----- | ----- | 0.01 | 0.01 | 0.01 |
| Antimony (ppm) * | ----- | ----- | ----- | 0.000 | 0.000 | 0.000 |
| Arsenic (ppm) * | ----- | ----- | ----- | 0.000 | 0.000 | 0.000 |
| Barium (ppm) * | ----- | ----- | ----- | 0 | 0 | 0 |
| Beryllium (ppm) * | ----- | ----- | ----- | 0.000 | 0.000 | 0.000 |
| Cadmium (ppm) * | ----- | ----- | ----- | 0.000 | 0.000 | 0.000 |
| Chromium (ppm) * | ----- | ----- | ----- | 0.00 | 0.00 | 0.00 |
| Copper (ppm) * | ----- | ----- | ----- | 0.3 | 0.0 | 0.1 |
| Iron (ppm) * | ----- | ----- | ----- | 0.00 | 0.00 | 0.00 |
| Lead (ppm) * | ----- | ----- | ----- | 0.033 | 0.000 | 0.005 |
| Manganese (ppm) * | ----- | ----- | ----- | 0.00 | 0.00 | 0.00 |
| Mercury (ppm) * | ----- | ----- | ----- | 0.000 | 0.000 | 0.000 |
| Nickel (ppm) * | ----- | ----- | ----- | 0.0 | 0.0 | 0.0 |
| Selenium (ppm) * | ----- | ----- | ----- | 0.00 | 0.00 | 0.00 |
| Silver (ppm) * | ----- | ----- | ----- | 0.00 | 0.00 | 0.00 |
| Thallium (ppm) * | ----- | ----- | ----- | 0.000 | 0.000 | 0.000 |
| Zinc (ppm) * | ----- | ----- | ----- | 0 | 0 | 0 |
| Potassium (ppm) * | ----- | ----- | ----- | 8.8 | 8.8 | 8.8 |
| Sodium (ppm) * | ----- | ----- | ----- | 41.8 | 41.8 | 41.8 |
| Cyanide (ppb) * | ----- | ----- | ----- | 0.0 | 0.0 | 0.0 |
| Haloacetic Acids (HAAs) (ppb) | ----- | ----- | ----- | 25 | 14 | 19.3 |
| Total Organic Carbon (ppm) | 4.2 | 3.4 | 3.8 | 3.4 | 2.6 | 2.95 |
| Total Trihalomethanes (ppb) | 0.0 | 0.0 | 0.0 | 43.3 | 14.1 | 27.5 |
| 1, 2-Dichloroethane (ppb) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Chloroform (ppb) | 0.0 | 0.0 | 0.0 | 31.1 | 8.7 | 17.7 |
| Carbon Tetrachloride (ppb) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bromodichloromethane (ppb) | 0.0 | 0.0 | 0.0 | 12.5 | 0.6 | 7.7 |
| Tetrachloroethene (ppb) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| BTX (Benzene, Toluene & Xylenes) (ppb) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Coliforms (CFUs/100 ml) | 2900 | 110 | 680 | 36 | 0 | 0 |
| Fecal Coliforms (CFUs/100 ml) | 220 | 0 | 40 | 0 | 0 | 0 |

The results for constituents indicated with asterisks are from the Louisiana Department of Health and Hospitals

Total Organic Carbon and Haloacetic Acid results are from a DHH certified contract laboratory

All other results are from testing by the S&WB Water Quality Laboratory

Lead and Copper results are from 2010

Concerning the chemical results the S&WB Laboratory does not meet the higher criteria required by DHH to be classified as a

"DHH-OPH Certified Chemical Laboratory/Drinking Water;" therefore, any results reported by this laboratory for chemical

drinking water parameters which are required to be analyzed in a certified laboratory are officially deemed invalid

The S&WB Laboratory is certified by DHH for Total Coliform and Fecal Coliform testing

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE XII

EXTRACTS FROM TABLES IV-E AND V

As of December 31, 2011

20 Year Period, 1992 to 2011 Inclusive

Maximum, Minimum, and Average Amount of

Water Treated Per Day

(M G. per 24 Hours)

| YEAR | CARROLLTON | | | ALGIERS | | |
|------|------------|--------|--------|---------|-------|-------|
| | MAX. | MIN. | AVG. | MAX. | MIN. | AVG. |
| 1992 | 139 00 | 97 00 | 115 22 | 13 88 | 8 00 | 9.88 |
| 1993 | 140 38 | 103 25 | 117 41 | 15 42 | 7 62 | 10 18 |
| 1994 | 128 88 | 103.88 | 113.71 | 17 00 | 8 00 | 11 47 |
| 1995 | 142 83 | 104 67 | 121 40 | 18 14 | 9.00 | 11.55 |
| 1996 | 198.42 | 91 59 | 128.97 | 18.27 | 9 00 | 11.47 |
| 1997 | 156 53 | 112 70 | 128 73 | 18 83 | 9 58 | 12.06 |
| 1998 | 152.96 | 98 48 | 126 86 | 22 96 | 12 00 | 12.36 |
| 1999 | 168 25 | 122 55 | 140 26 | 22 00 | 8 90 | 15.19 |
| 2000 | 152 50 | 126 71 | 128 10 | 18.83 | 7.58 | 12.13 |
| 2001 | 153 93 | 107 75 | 126 70 | 15 76 | 6 00 | 10.90 |
| 2002 | 128 67 | 87 00 | 106 63 | 14 00 | 6 66 | 9.80 |
| 2003 | 144 26 | 90 75 | 115.35 | 13 16 | 8 00 | 10 06 |
| 2004 | 145.83 | 102 92 | 122 57 | 13.16 | 8 00 | 10.15 |
| 2005 | 144 00 | 0 00 | 115 47 | 22 67 | 7 00 | 10 20 |
| 2006 | 165 63 | 115 33 | 139 73 | 18 34 | 8 00 | 11.67 |
| 2007 | 144 75 | 124 00 | 134.06 | 16 00 | 10 00 | 12 13 |
| 2008 | 143 50 | 114 08 | 133 88 | 13 58 | 6 92 | 10 38 |
| 2009 | 147.92 | 129 83 | 138 17 | 14 00 | 8 00 | 10 78 |
| 2010 | 156.50 | 125 33 | 137 10 | 15 67 | 8 00 | 11.25 |
| 2011 | 150 83 | 127 17 | 139 37 | 16 83 | 10 00 | 11 73 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE XIII

Monthly Temperature (Degrees Farenheit) of the
Mississippi River Water at the Carrollton Plant
As of December 31, 2011

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------|------|------|------|------|------|------|------|------|------|------|
| January | 45 | 48 | 49 | 49 | 50 | 52 | 50 | 50 | 41 | 43 |
| February | 46 | 48 | 47 | 48 | 51 | 47 | 53 | 46 | 41 | 43 |
| March | 49 | 51 | 54 | 51 | 55 | 56 | 55 | 51 | 48 | 51 |
| April | 56 | 60 | 62 | 62 | 63 | 63 | 63 | 58 | 62 | 61 |
| May | 67 | 70 | 71 | 71 | 74 | 71 | 68 | 69 | 71 | 68 |
| June | 74 | 73 | 79 | 81 | 83 | 79 | 77 | 79 | 81 | 80 |
| July | 82 | 79 | 83 | 85 | 86 | 82 | 80 | 85 | 85 | 84 |
| August | 84 | 81 | 84 | 88 | 88 | 85 | 82 | 84 | 86 | 87 |
| September | 82 | 80 | 81 | * | 86 | 82 | 78 | 81 | 83 | 80 |
| October | 73 | 73 | 74 | 76 | 78 | 75 | 71 | 70 | 72 | 72 |
| November | 62 | 65 | 65 | 66 | 63 | 63 | 63 | 59 | 61 | 62 |
| December | 53 | 53 | 53 | 51 | 54 | 58 | 55 | 49 | 50 | 50 |
| Maximum | 85 | 83 | 87 | 90 | 90 | 89 | 85 | 86 | 89 | 90 |
| Minimum | 42 | 46 | 45 | 42 | 46 | 40 | 42 | 42 | 37 | 40 |
| Average | 64 | 64 | 67 | 66 | 69 | 68 | 66 | 65 | 65 | 65 |

| Ten Year Period | |
|-----------------|----|
| Maximum | 90 |
| Minimum | 37 |
| Average | 66 |

* Data not available for
September 2005 due
to hurricane Katrina.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE XIV

Monthly Temperature (Degrees Farenheit) of the
Tap Water at the Carrollton Plant
As of December 31, 2011

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------|------|------|------|------|------|
| January | 65 | 67 | 66 | 61 | 61 |
| February | 64 | 69 | 65 | 61 | 60 |
| March | 70 | 71 | 68 | 66 | 67 |
| April | 72 | 72 | 70 | 70 | 71 |
| May | 76 | 76 | 74 | 76 | 73 |
| June | 76 | 81 | 78 | 80 | 79 |
| July | 79 | 83 | 80 | 82 | 82 |
| August | 78 | 80 | 78 | 84 | 85 |
| September | 77 | 80 | 77 | 80 | 80 |
| October | 77 | 78 | 74 | 75 | 76 |
| November | 74 | 72 | 69 | 66 | 69 |
| December | 71 | 68 | 65 | 60 | 63 |
| Maximum | 85 | 86 | 88 | 88 | 90 |
| Minimum | 58 | 59 | 51 | 41 | 44 |
| Average | 73 | 75 | 72 | 72 | 72 |

| Five Year Period | |
|------------------|----|
| Maximum | 90 |
| Minimum | 41 |
| Average | 73 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

New Orleans West Bank Sewerage Treatment Plant

As of December 31, 2011

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2011 |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| Plant El Flow (MGD) | | | | | | | | | | | | | |
| Average | 9.407 | 9.844 | 10.421 | 7.677 | 6.516 | 7.603 | 14.376 | 8.39 | 11.913 | 6.964 | 7.114 | 7.32 | 8.96 |
| Maximum | 14.000 | 16.863 | 25.871 | 12.8 | 7.933 | 12.899 | 33.385 | 12.899 | 35.80 | 7.762 | 9.92 | 8.63 | 35.80 |
| INFLUENT BOD (mg/L) | | | | | | | | | | | | | |
| Average | 107 | 97.7 | 83.1 | 103.4 | 135.8 | 107.3 | 74.8 | 87.8 | 73.6 | 115.2 | 127.5 | 140.6 | 104.48 |
| Daily Maximum | 199 | 143 | 138 | 156 | 200 | 235 | 151 | 153 | 112 | 186 | 231 | 224 | 235 |
| INFLUENT TSS (mg/L) | | | | | | | | | | | | | |
| Average | 86.5 | 88.5 | 101 | 117.6 | 113.5 | 120.6 | 100.2 | 87.7 | 71 | 107.2 | 138.5 | 121 | 105.98 |
| Daily Maximum | 202 | 158 | 178 | 208 | 212 | 254 | 212 | 180 | 152 | 387 | 358 | 274 | 387 |
| INFLUENT BOD (lbs/day) | | | | | | | | | | | | | |
| Average | 8,308 | 7,600 | 7,131 | 6,299 | 7,346 | 6,756 | 7,241 | 6,091 | 6,168 | 6,714 | 7,637 | 6,548 | 7,153 |
| Daily Maximum | 15,153 | 10,531 | 19,452 | 8,138 | 11,237 | 14,852 | 12,931 | 9,862 | 9,399 | 11,270 | 13,384 | 12,987 | 19,452 |
| INFLUENT TSS (lbs/day) | | | | | | | | | | | | | |
| Average | 7,617 | 6,818 | 8,796 | 7,250 | 8,157 | 7,613 | 12,533 | 6,888 | 6,274 | 6,232 | 8,346 | 7,345 | 12,272 |
| Daily Maximum | 15,381 | 11,073 | 24,089 | 13,449 | 11,912 | 14,685 | 46,465 | 11,408 | 15,273 | 21,343 | 21,334 | 15,843 | 46,465 |
| EFFLUENT BOD (mg/L) | | | | | | | | | | | | | |
| Average | 12.3 | 11.8 | 11.4 | 7 | 6.4 | 7.5 | 6 | 5.3 | 6.1 | 5.8 | 8.4 | 9.6 | 8.33 |
| Weekly Maximum | 14 | 13 | 14 | 11 | 9 | 11 | 9 | 6 | 7 | 6 | 9 | 11 | 14 |
| EFFLUENT TSS (mg/L) | | | | | | | | | | | | | |
| Average | 8.8 | 10.4 | 11 | 8 | 6.3 | 5.6 | 8 | 5.3 | 6.4 | 5.7 | 7.2 | 6 | 7.85 |
| Weekly Maximum | 11 | 12 | 14 | 12 | 7 | 8 | 9 | 6 | 9 | 6 | 8 | 9 | 14 |
| EFFLUENT BOD (lbs/day) | | | | | | | | | | | | | |
| Average | 972 | 939 | 1,080 | 448 | 450 | 537 | 730 | 380 | 598 | 337 | 499 | 597 | 629 |
| Weekly Maximum | 1,150 | 1,299 | 1,622 | 1,228 | 508 | 707 | 1,536 | 585 | 1,044 | 380 | 584 | 703 | 1,622 |
| EFFLUENT TSS (lbs/day) | | | | | | | | | | | | | |
| Average | 797 | 823 | 1,128 | 482 | 336 | 372 | 1,119 | 375 | 722 | 330 | 427 | 488 | 616 |
| Weekly Maximum | 903.9 | 1,199 | 1,684 | 1,340 | 394 | 365 | 1,680 | 582 | 1,342 | 396 | 516 | 575 | 1,684 |
| EFFLUENT CL2 (mg/L) | | | | | | | | | | | | | |
| Average | 1.28 | 1.22 | 1.15 | 1.13 | 1.23 | 1.14 | 1.07 | 1.2 | 1.12 | 1.33 | 1.33 | 1.0 | 1.18 |
| Maximum | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.40 |
| EFFLUENT COLIFORM (col/100-ml) | | | | | | | | | | | | | |
| Average (Geo) | 2 | 2 | 2 | 4 | 4 | 3 | 5 | 2 | 3 | 2 | 2 | 2 | 2.75 |
| Weekly Maximum (Geo) | 2 | 2 | 2 | 10 | 9 | 4 | 15 | 3 | 5 | 2 | 2 | 3 | 15.00 |
| EFFLUENT pH (au) | | | | | | | | | | | | | |
| Minimum | 6.97 | 7.14 | 7.1 | 6.74 | 6.7 | 6.73 | 6.75 | 6.83 | 6.69 | 6.67 | 6.8 | 6.91 | 6.67 |
| Maximum | 7.82 | 7.7 | 7.64 | 7.41 | 7.2 | 7.18 | 6 | 7.53 | 7.58 | 7.19 | 7.23 | 7.24 | 8.00 |
| DISPOSED SLUDGE (dry tons) | | | | | | | | | | | | | |
| Average per day | 3.0 | 2.3 | 3.3 | 3.1 | 2.4 | 2.6 | 3.3 | 3.2 | 3.4 | 3.5 | 2.5 | 2.8 | 3.0 |
| Total | 92.3 | 65.1 | 101.6 | 94.0 | 74.6 | 79.1 | 103.8 | 99.9 | 106.6 | 108.9 | 73.6 | 87.0 | 108.1 |
| ELECTRICITY (kwhr) | | | | | | | | | | | | | |
| Average per day | 10,207 | 10,337 | 11,036 | 9,543 | 8,884 | 9,432 | 12,343 | 10,563 | 10,418 | 8,925 | 8,916 | 9,129 | 9,891 |
| Total (kwhr) | 285,764 | 299,762 | 364,131 | 265,746 | 260,549 | 267,949 | 394,981 | 285,748 | 333,385 | 240,965 | 284,212 | 283,006 | 3,611,276 |
| RAINFALL (inches) | | | | | | | | | | | | | |
| TOTAL Precipitation (inch) | 4.09 | 1.65 | 10.48 | 0.38 | 0.81 | 4.73 | 13.03 | 1.84 | 13.27 | 0.27 | 3.2 | 1.34 | 54.89 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

New Orleans East Bank Sewerage Treatment Plant As of December 31, 2011

| Plant Eff Flow (MGD) | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2011 |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Average | 88.216 | 85.2 | 88.4 | 81.53 | 74.294 | 80.267 | 108.581 | 81.274 | 104.457 | 73.016 | 78.2 | 75.281 | 88 |
| Maximum | 128.6 | 128.6 | 171.7 | 103.4 | 89.9 | 112 | 164.7 | 112.9 | 223.2 | 81.6 | 107.4 | 92.3 | 223 |
| INFLUENT BOD (mg/L) | | | | | | | | | | | | | |
| Average | 116 | 132.9 | 113.2 | 105.7 | 128.2 | 97.4 | 93.2 | 77.5 | 84.6 | 105 | 88 | 111.8 | 105 |
| Daily Maximum | 262 | 251 | 184 | 265 | 218 | 183 | 167 | 124 | 146 | 324 | 144 | 188 | 324 |
| INFLUENT TSS (mg/L) | | | | | | | | | | | | | |
| Average | 133.4 | 149.7 | 187.9 | 144.2 | 161.8 | 158 | 158.6 | 112.2 | 139.1 | 144.5 | 122.9 | 151.6 | 147 |
| Daily Maximum | 248 | 242 | 298 | 280 | 274 | 292 | 278 | 398 | 282 | 326 | 220 | 238 | 388 |
| INFLUENT BOD (lb/day) | | | | | | | | | | | | | |
| Average | 85.681 | 94.427 | 91.076 | 72.480 | 87.259 | 68.282 | 85.131 | 55.843 | 70.058 | 65.788 | 65.078 | 74.568 | 76,126 |
| Daily Maximum | 192.724 | 172.481 | 149.728 | 184.543 | 163.449 | 118.587 | 189.557 | 93.148 | 133.550 | 177.802 | 87.156 | 135.194 | 192,724 |
| INFLUENT TSS (lb/day) | | | | | | | | | | | | | |
| Average | 100.228 | 104.915 | 155.422 | 89.613 | 108.468 | 110.632 | 148.914 | 79.872 | 120.943 | 91.132 | 82.812 | 100.544 | 108,459 |
| Daily Maximum | 217.890 | 181.725 | 389.520 | 187.944 | 211.257 | 218.827 | 294.426 | 238.000 | 245.296 | 202.125 | 200.876 | 172.454 | 389,520 |
| EFFLUENT BOD (mg/L) | | | | | | | | | | | | | |
| Average | 23.8 | 18.2 | 18 | 19.3 | 18.1 | 17.9 | 20.6 | 14.9 | 13.8 | 21.5 | 21.3 | 25.8 | 19.4 |
| Weekly Maximum | 28 | 22 | 22 | 20 | 20 | 19 | 26 | 22 | 17 | 23 | 27 | 27 | 28.0 |
| EFFLUENT TSS (mg/L) | | | | | | | | | | | | | |
| Average | 20.3 | 17.4 | 22.7 | 21.9 | 16.6 | 14 | 17.5 | 11.7 | 10.8 | 18.2 | 13.9 | 12.5 | 16.8 |
| Weekly Maximum | 25 | 25 | 24 | 31 | 20 | 18 | 23 | 22 | 12 | 28 | 17 | 19 | 31.0 |
| EFFLUENT BOD (lb/day) | | | | | | | | | | | | | |
| Average | 17.673 | 13.200 | 14.945 | 13.115 | 11.294 | 11.987 | 17.981 | 10.383 | 11.559 | 13.013 | 14.084 | 16.192 | 13,788 |
| Weekly Maximum | 21.551 | 18.956 | 21.780 | 19.605 | 12.903 | 13.005 | 28.888 | 16.918 | 16.407 | 15.252 | 19.285 | 19.073 | 28,888 |
| EFFLUENT TSS (lb/day) | | | | | | | | | | | | | |
| Average | 15.327 | 12.832 | 18.434 | 14.985 | 10.242 | 9.417 | 16.821 | 8.348 | 9.855 | 11.554 | 9.287 | 7.947 | 12,177 |
| Weekly Maximum | 19.242 | 21.541 | 20.808 | 28.838 | 12.903 | 10.952 | 25.556 | 16.985 | 12.883 | 16.579 | 12.149 | 13.422 | 28,838 |
| EFFLUENT CL2 (mg/L) | | | | | | | | | | | | | |
| Average | 0.48 | 0.48 | 0.48 | 0.48 | 0.47 | 0.48 | 0.48 | 0.48 | 0.48 | 0.48 | 0.48 | 0.48 | 0.48 |
| Daily Maximum | 0.48 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.50 |
| EFFLUENT COLIFORM (col/100-ml) | | | | | | | | | | | | | |
| Average (Geo) | 17 | 2 | 2 | 3 | 9 | 4 | 5 | 11 | 20 | 4 | 7 | 12 | 8 |
| Weekly Maximum (Geo) | 19.7 | 12 | 4 | 12 | 66 | 10 | 20 | 80 | 300 | 18 | 38 | 67 | 300 |
| EFFLUENT pH (eu) | | | | | | | | | | | | | |
| Minimum | 6.69 | 6.73 | 6.72 | 6.73 | 6.61 | 6.55 | 6.72 | 6.70 | 6.6 | 6.78 | 6.72 | 6.67 | 6.66 |
| Maximum | 7.01 | 6.97 | 6.89 | 6.87 | 6.78 | 6.75 | 6.85 | 6.8 | 7.1 | 7.31 | 6.87 | 6.94 | 7.31 |
| DISPOSED SLUDGE (dry tons) | | | | | | | | | | | | | |
| Average per day | 20.2 | 23.0 | 25.1 | 18.4 | 18.1 | 28.2 | 28.6 | 24.1 | 13.4 | 14.9 | 25.6 | 22.4 | 21.68 |
| Total | 625.8 | 844.1 | 778.0 | 551.1 | 559.8 | 788.5 | 884.6 | 747.1 | 403.1 | 462.9 | 768.8 | 693.8 | 7,807 |
| ELECTRICITY (kwhr) | | | | | | | | | | | | | |
| Average per day | 55.819 | 55.500 | 54.194 | 49.000 | 49.587 | 64.400 | 65.462 | 81.239 | 62.885 | 59.071 | 63.135 | 58.800 | 68,266 |
| Total (kwhr) | 1,730.400 | 1,554.000 | 1,680.000 | 1,470.000 | 1,537.200 | 1,932.000 | 1,888.400 | 1,898.400 | 1,948.800 | 1,831.200 | 1,957.200 | 1,705.200 | 21,142,800 |
| RAINFALL (inches) | | | | | | | | | | | | | |
| TOTAL Precipitation (inch) | 4.08 | 1.63 | 10.48 | 0.38 | 0.81 | 4.73 | 13.03 | 1.64 | 13.27 | 0.27 | 3.20 | 1.34 | 64.89 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANNUAL REPORT 2011 - FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2011
SEWER TABULATION NUMBER 1
SEWER LINES AND MANHOLES IN THE SYSTEM AS OF DECEMBER 31, 2011

SEWER LINES DISCARDED AND INSTALLED IN 2011

| ORIGINAL CONSTRUCTION (FEET) | DESTROYED OR ABANDONED IN 2011 (FEET) | BUILT IN 2011 (FEET) | REMAINING IN THE SYSTEM AS OF 12/31/2011 (FEET) | REMAINING IN THE SYSTEM AS OF 12/31/2011 (MILES) |
|------------------------------------|--|----------------------------|--|---|
| 8,013,825.2 | 43,807.5 | 51,515.9 | 8,021,533.6 | 1,519.230 |

SEWER MANHOLES REMOVED AND INSTALLED IN 2011

| ORIGINAL CONSTRUCTION | REMOVED IN 2011 | BUILT IN 2011 | REMAINING IN THE SYSTEM AS OF 12/31/2011 |
|--------------------------|--------------------|------------------|---|
| 23,047 | 118 | 48 | 22,977 |

DETAILS OF SEWER LINES AND SEWER MANHOLES INSTALLED (CONSTRUCTED) IN 2011

| ITEMS | BOARD FUNDED | BY OTHERS | TOTAL FEET | TOTAL MILES |
|--|-----------------|-----------------|------------------------------|--------------|
| 6" PVC | 11,471.7 | 4,211.2 | 15,682.9 | 2.970 |
| 8" DUCTILE IRON | 236.5 | 190.2 | 426.7 | 0.081 |
| 8" PVC | 17,230.8 | 5,892.3 | 23,123.1 | 4.379 |
| 10" PVC | 989.0 | 173.5 | 1,162.5 | 0.220 |
| 12" PVC | 291.2 | 15.8 | 307.0 | 0.058 |
| 15" PVC | 1,014.0 | 357.7 | 1,371.7 | 0.260 |
| 16" PVC | 74.1 | 0.0 | 74.1 | 0.014 |
| 18" PVC | 2,020.3 | 0.0 | 2,020.3 | 0.383 |
| 21" PVC | 1,188.3 | 0.0 | 1,188.3 | 0.225 |
| 24" DUCTILE IRON | 450.0 | 82.0 | 532.0 | 0.101 |
| 24" PVC | 5,132.3 | 95.0 | 5,227.3 | 0.990 |
| 30" STEEL | 280.0 | 0.0 | 280.0 | 0.053 |
| 36" STEEL | 120.0 | 0.0 | 120.0 | 0.023 |
| TOTAL SEWER LINES CONSTRUCTED IN 2011 | 40,498.2 | 11,017.7 | 51,515.9 | 9.757 |
| | | | | |
| SEWER MANHOLES CONSTRUCTED IN 2011 | BOARD FUNDED | BY OTHERS | TOTAL MANHOLES BUILT IN 2011 | |
| | 26 | 22 | 48 | |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANNUAL REPORT 2011 - FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2011
SEWER TABULATION NUMBER 1
LENGTH OF SEWER LINES OF EACH SIZE AND MATERIAL DISCARDED, BUILT, AND NOW REMAINING IN THE SYSTEM

| SIZE & MATERIAL OF SEWER | TOTAL LENGTH IN SYSTEM AS OF 12/31/2010 | DESTROYED OR ABANDONED IN 2011 | BUILT IN 2011 | NOW REMAINING IN THE SYSTEM AS OF 12/31/2011 |
|---------------------------|---|--------------------------------|---------------|--|
| 72" Steel | 29,182.4 | | | 29,182.4 |
| 68" Steel | 9,061.9 | | | 9,061.9 |
| 66" Steel | 28,979.7 | | | 28,979.7 |
| 66" Concrete | 13,740.7 | | | 13,740.7 |
| 60" Steel | 2,577.7 | | | 2,577.7 |
| 60" Concrete | 722.8 | | | 722.8 |
| 57" Concrete | 1,766.8 | | | 1,766.8 |
| 54" Steel | 44,014.5 | | | 44,014.5 |
| 54" Concrete | 7,010.4 | | | 7,010.4 |
| 51" Concrete | 755.9 | | | 755.9 |
| 50" Steel | 133.0 | | | 133.0 |
| 48" Steel | 21,147.2 | | | 21,147.2 |
| 48" Concrete | 10,127.6 | | | 10,127.6 |
| 48" Fiberglass Reinforced | 10,900.2 | | | 10,900.2 |
| 43" P.V.C | 3,663.4 | | | 3,663.4 |
| 43" Concrete | 3,048.4 | | | 3,048.4 |
| 42" Steel | 3,580.2 | | | 3,580.2 |
| 42" Concrete | 19,121.2 | | | 19,121.2 |
| 39" Brick | 832.8 | | | 832.8 |
| 39" Concrete | 4,410.6 | | | 4,410.6 |
| 36" Vitrified Clay | 2,239.1 | | | 2,239.1 |
| 36" Cast Iron | 541.0 | 110.0 | | 431.0 |
| 36" Steel | 442.6 | | 120.0 | 322.6 |
| 36" Prestressed Concrete | 11,273.0 | | | 11,273.0 |
| 36" Reinforced Concrete | 9,392.7 | | | 9,392.7 |
| 36" P.V.C | 10,950.0 | | | 10,950.0 |
| 33" Brick | 3,150.4 | | | 3,150.4 |
| 33" Vitrified Clay | 562.3 | | | 562.3 |
| 33" Reinforced Concrete | 1,381.4 | | | 1,381.4 |
| 30" Brick | 2,763.0 | | | 2,763.0 |
| 30" Vitrified Clay | 11,732.2 | | | 11,732.2 |
| 30" Cast Iron | 4,305.9 | | | 4,305.9 |
| 30" Steel | 3,255.2 | 280.0 | | 2,975.2 |
| 30" Prestressed Concrete | 484.0 | | | 484.0 |
| 30" Reinforced Concrete | 33,920.5 | | | 33,920.5 |
| 30" Fiberglass Reinforced | 16,400.0 | | | 16,400.0 |
| 30" P.V.C | 996.0 | | | 996.0 |
| 27" Vitrified Clay | 24,449.4 | | | 24,449.4 |
| 27" Reinforced Concrete | 13,390.4 | | | 13,390.4 |
| 27" P.V.C | 3,177.0 | | | 3,177.0 |
| 24" Vitrified Clay | 31,572.2 | | | 31,572.2 |
| 24" Cast Iron | 17,638.7 | 1,368.9 | | 16,269.8 |
| 24" Ductile Iron | 87.0 | | 513.0 | 600.0 |
| 24" Steel | 87.0 | | | 87.0 |

| SIZE & MATERIAL OF SEWER | TOTAL LENGTH IN SYSTEM AS OF 12/31/2010 | DESTROYED OR ABANDONED IN 2011 | BUILT IN 2011 | NOW REMAINING IN THE SYSTEM AS OF 12/31/2011 |
|--------------------------|---|--------------------------------|---------------|--|
| 24" Reinforced Concrete | 28,377.0 | 1,808.0 | | 26,569.0 |
| 24" Asbestos Cement | 4,924.2 | | | 4,924.2 |
| 24" P.V.C | 540.3 | | 5,227.3 | 5,767.6 |
| 21" Reinforced Concrete | 13,403.0 | 1,843.3 | | 11,559.7 |
| 21" P.V.C | 3,610.1 | | 1,188.3 | 4,798.4 |
| 20" Ductile Iron Pipe | 2,135.2 | | | 2,135.2 |
| 18" P.V.C | 15,869.5 | | 2,020.3 | 17,889.8 |
| 16" Steel | 120.0 | | | 120.0 |
| 16" Asbestos Cement | 28,450.0 | | | 28,450.0 |
| 16" P.V.C | 2,673.1 | | 74.1 | 2,747.2 |
| 15" Vitrified Clay | 101,573.0 | 1,001.1 | | 100,571.9 |
| 15" P.V.C | 10,886.2 | | 1,371.7 | 12,257.9 |
| 15" Plastic Truss | 1,766.8 | | | 1,766.8 |
| 12" Vitrified Clay | 110,513.1 | 460.0 | | 110,053.1 |
| 12" P.V.C | 64,261.9 | | 307.0 | 64,568.9 |
| 10" Vitrified Clay | 164,330.7 | 239.7 | | 164,091.0 |
| 10" Steel | 130.0 | | | 130.0 |
| 10" Concrete | 51,740.3 | 460.0 | | 51,280.3 |
| 10" Asbestos Cement | 4,356.2 | | | 4,356.2 |
| 10" P.V.C | 124,335.3 | | 1,162.3 | 125,197.6 |
| 10" Plastic Truss | 5,214.5 | | | 5,214.5 |
| 8" Terra Cotta | 336,948.6 | 3,439.1 | | 333,509.5 |
| 8" Vitrified Clay | 4,315,180.1 | 16,355.5 | | 4,298,824.6 |
| 8" Cast Iron | 32,509.2 | 299.0 | | 32,210.2 |
| 8" Ductile Iron | 350.0 | 28.0 | 426.7 | 748.7 |
| 8" Concrete | 286,588.0 | 5,887.4 | | 280,700.6 |
| 8" Asbestos Cement | 3,887.9 | | | 3,887.9 |
| 8" P.V.C | 412,541.7 | 2,120.8 | 23,123.1 | 433,544.0 |
| 8" Plastic Truss | 68,643.3 | | | 68,643.3 |
| 8" Plastic | 704,832.5 | 4,051.1 | | 700,781.4 |
| 6" Terra Cotta | 933.5 | | | 933.5 |
| 6" Vitrified Clay | 84,331.6 | 518.1 | | 83,813.5 |
| 6" Cast Iron | 4,204.4 | | | 4,204.4 |
| 6" Concrete | 411.9 | 411.9 | | 0.0 |
| 6" Asbestos Cement | 4,493.9 | | | 4,493.9 |
| 6" P.V.C | 214,332.4 | 671.9 | 15,682.0 | 229,342.4 |
| 6" Plastic Truss | 6,044.1 | 170.0 | | 5,874.1 |
| 6" Plastic | 368,451.5 | 2,473.7 | | 365,977.8 |
| 4" Cast Iron | 874.2 | | | 874.2 |
| 4" Ductile Iron | 180.4 | | | 180.4 |
| 4" P.V.C | 6,836.9 | | | 6,836.9 |
| 4" Plastic | 126.0 | | | 126.0 |
| Total Linear Feet | 8,013,805.3 | 43,807.5 | 51,515.9 | 8,021,513.0 |
| Total Miles | 1,517,770 | 8,397 | 9,757 | 1,519,210 |

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANNUAL REPORT 2011 - FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2011**

WATER TABULATION NUMBER 1

WATER LINES, MANHOLES, VALVES, AND FIRE HYDRANTS IN THE SYSTEM AS OF DECEMBER 31, 2011

WATER LINES DISCARDED AND INSTALLED IN 2011

| ORIGINAL CONSTRUCTION (FEET) | DESTROYED OR ABANDONED IN 2011 (FEET) | BUILT IN 2011 (FEET) | REMAINING IN THE SYSTEM AS OF 12/31/2011 (FEET) | REMAINING IN THE SYSTEM AS OF 12/31/2011 (MILES) |
|------------------------------------|--|----------------------------|--|---|
| 8,397,537.0 | 57,053.0 | 90,774.8 | 8,431,258.8 | 1,596.829 |

WATER MANHOLES REMOVED AND INSTALLED IN 2011

| ORIGINAL CONSTRUCTION | REMOVED IN 2011 | BUILT IN 2011 | REMAINING IN THE SYSTEM AS OF 12/31/2011 |
|--------------------------|--------------------|------------------|---|
| 29,957 | 55 | 248 | 30,150 |

WATER VALVES REMOVED AND INSTALLED IN 2011

| ORIGINAL CONSTRUCTION | REMOVED IN 2011 | INSTALLED IN 2011 | REMAINING IN THE SYSTEM AS OF 12/31/2011 |
|--------------------------|--------------------|----------------------|---|
| 29,366 | 79 | 185 | 29,472 |

FIRE HYDRANTS REMOVED AND INSTALLED IN 2011

| ORIGINAL CONSTRUCTION | REMOVED IN 2011 | INSTALLED IN 2011 | REMAINING IN THE SYSTEM AS OF 12/31/2011 |
|--------------------------|--------------------|----------------------|---|
| 22,989 | 85 | 141 | 23,045 |

DETAILS OF WATER LINES, MANHOLES, VALVES, AND FIRE HYDRANTS INSTALLED (CONSTRUCTED) IN 2011

| QUANTITIES OF WATER LINES, MANHOLES, VALVES, AND FIRE HYDRANTS INSTALLED (CONSTRUCTED) IN 2011 | | | | |
|--|---------------------|------------------|--|-------------|
| ITEMS | BOARD FUNDED | BY OTHERS | TOTAL FEET | TOTAL MILES |
| 2" P V C | 0 0 | 4,347 5 | 4,347 5 | 0 823 |
| 4" DUCTILE IRON | 0 0 | 235 4 | 235 4 | 0 045 |
| 4" P V C | 0 0 | 973 7 | 973 7 | 0 184 |
| 6" DUCTILE IRON | 40 0 | 416 6 | 456 6 | 0 086 |
| 6" P V C | 3,111 2 | 2,147 1 | 5,258 3 | 0 996 |
| 8" DUCTILE IRON | 4,222 1 | 665 2 | 4,887 3 | 0 926 |
| 8" P V C | 44,218 5 | 11,321 9 | 55,540 4 | 10 519 |
| 10" P V C | 0 0 | 755 0 | 755 0 | 0 143 |
| 12" DUCTILE IRON | 1,144 8 | 28 7 | 1,173 5 | 0 222 |
| 12" P V C | 13,804 5 | 469 3 | 14,273 8 | 2 703 |
| 16" DUCTILE IRON | 0 0 | 439 0 | 439 0 | 0 083 |
| 16" P V C | 1,186 6 | 1,133 2 | 2,319 8 | 0 439 |
| 30" STEEL | 0 0 | 114 5 | 114 5 | 0 022 |
| TOTAL WATER LINES CONSTRUCTED IN 2011 | 67,727 7 | 23,047 1 | 90,774.8 | 17 192 |
| | | | | |
| WATER MANHOLES CONSTRUCTED IN 2011 | BOARD FUNDED 121 | BY OTHERS 127 | TOTAL MANHOLES BUILT IN 2011 248 | |
| | | | | |
| WATER VALVES INSTALLED IN 2011 | BOARD FUNDED 106 | BY OTHERS 94 | TOTAL WATER VALVES INSTALLED IN 2011 200 | |
| | | | | |
| FIRE HYDRANTS INSTALLED IN 2011 | BOARD FUNDED 123 | BY OTHERS 18 | TOTAL FIRE HYDRANTS INSTALLED IN 2011 141 | |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANNUAL REPORT 2011 FOR THE CALENDAR YEAR ENDING DECEMBER 31 2011
WATER TABULATION NUMBER 2

**LENGTH OF WATER LINES OF EACH SIZE AND MATERIAL, NUMBER OF VALVES OF EACH SIZE, BOTH GATE AND CHECK,
 ORIGINALLY INSTALLED, THE QUANTITIES DISCARDED OR BUILT AND THE QUANTITIES NOW REMAINING IN THE DISTRIBUTION SYSTEM**

| WATER LINES | | | | |
|-------------------|----------------------|---|--------------------------------------|--|
| SIZE | MATERIAL | TOTAL LENGTH IN SYSTEM AS OF 12/31/2010 | DESTROYED OR ABANDONED IN 2011 | NOW REMAINING IN THE SYSTEM AS OF 12/31/2011 |
| 54" | Concrete Pipe | 7,335.1 | | 7,335.1 |
| 50" | Steel Pipe | 88,484.8 | | 88,484.8 |
| 48" | Cast Iron Pipe | 12,759.3 | | 12,759.3 |
| 48" | Steel Pipe | 36,835.1 | | 36,835.1 |
| 48" | Concrete Pipe | 4,982.9 | | 4,982.9 |
| 42" | Cast Iron Pipe | 11,170.1 | | 11,170.1 |
| 42" | Cast Iron Pipe | 4,349.6 | | 4,349.6 |
| 42" | Concrete Pipe | 9,361.9 | | 9,361.9 |
| 36" | Cast Iron Pipe | 4,523.3 | | 4,523.3 |
| 36" | Steel Pipe | 16,761.2 | | 16,761.2 |
| 36" | Concrete Pipe | 37,374.7 | | 37,374.7 |
| 36" | Prestressed Concrete | 675.0 | | 675.0 |
| 30" | Cast Iron Pipe | 60,840.1 | | 60,840.1 |
| 30" | Ductile Iron Pipe | 35.0 | | 35.0 |
| 30" | Steel Pipe | 19,748.0 | | 19,748.0 |
| 30" | Concrete Pipe | 72,724.2 | | 72,724.2 |
| 30" | Prestressed Concrete | 36,654.4 | | 36,654.4 |
| 30" | Reinforced Concrete | 3,919.6 | | 3,919.6 |
| 30" | P.V.C. Pipe | 1,483.1 | | 1,483.1 |
| 24" | Cast Iron Pipe | 30,480.2 | | 30,480.2 |
| 24" | Concrete Pipe | 4,062.5 | | 4,062.5 |
| 21" | P.V.C. Pipe | 10,270.5 | | 10,270.5 |
| 20" | Cast Iron Pipe | 91,999.1 | | 91,999.1 |
| 20" | Ductile Iron Pipe | 13,212.1 | | 13,212.1 |
| 20" | Concrete Pipe | 18,755.8 | | 18,755.8 |
| 20" | Prestressed Concrete | 212.5 | | 212.5 |
| 20" | Asbestos Cement | 12,688.0 | | 12,688.0 |
| 18" | Reinforced Concrete | 970.5 | | 970.5 |
| 18" | Cast Iron Pipe | 117,482.1 | | 117,482.1 |
| 18" | Ductile Iron Pipe | 3,288.3 | 439.0 | 3,227.3 |
| 18" | Concrete Pipe | 5,681.6 | | 5,681.6 |
| 18" | Asbestos Cement | 66,344.2 | | 66,344.2 |
| 18" | P.V.C. Pipe | 8,257.6 | 2,319.8 | 10,577.4 |
| 15" | Reinforced Concrete | 1,069.3 | | 1,069.3 |
| 12" | Cast Iron Pipe | 798,355.9 | 2,181.0 | 796,174.9 |
| 12" | Ductile Iron Pipe | 16,501.1 | | 1,173.5 |
| 12" | Steel Pipe | 1,272.9 | | 1,272.9 |
| 12" | Asbestos Cement | 361,521.7 | | 361,521.7 |
| 12" | P.V.C. Pipe | 176,940.4 | | 14,273.8 |
| 10" | Cast Iron Pipe | 10,356.7 | | 10,356.7 |
| 10" | Ductile Iron Pipe | 610.0 | | 610.0 |
| 10" | Asbestos Cement | 12,763.6 | | 12,763.6 |
| 10" | P.V.C. Pipe | 3,534.0 | | 755.0 |
| 8" | Cast Iron Pipe | 137,571.9 | 572.0 | 136,999.9 |
| 8" | Ductile Iron Pipe | 27,253.5 | | 4,887.3 |
| 8" | Asbestos Cement | 711,696.9 | | 711,696.9 |
| 8" | P.V.C. Pipe | 504,315.8 | 1,937.0 | 55,540.4 |
| 8" | Plastic Pipe | 318,036.5 | | 318,036.5 |
| 6" | Cast Iron Pipe | 2,743,365.4 | 44,810.0 | 2,698,555.4 |
| 6" | Ductile Iron Pipe | 21,523.5 | | 458.6 |
| 6" | Asbestos Cement | 1,054,030.6 | 5,449.8 | 1,048,580.8 |
| 6" | P.V.C. Pipe | 385,135.2 | | 5,251.3 |
| 6" | Plastic Pipe | 121,385.5 | | 121,385.5 |
| 4" | Cast Iron Pipe | 19,454.1 | 465.5 | 18,988.6 |
| 4" | Ductile Iron Pipe | 1,859.2 | | 235.4 |
| 4" | Asbestos Cement | 29,455.3 | 369.5 | 29,085.8 |
| 4" | P.V.C. Pipe | 11,327.6 | | 973.7 |
| 4" | Plastic Pipe | 3,237.1 | | 5,217.1 |
| 3" | Galvanized Pipe | 3,361.7 | | 3,361.7 |
| 2" | Cast Iron Pipe | 20,592.1 | 1,268.2 | 19,323.9 |
| 2" | Galvanized Pipe | 9,620.0 | | 9,620.0 |
| 2" | P.V.C. Pipe | 72,119.9 | | 4,347.5 |
| 1" | Steel Pipe | 5,346.6 | | 5,346.6 |
| Total Linear Feet | | 8,397,537.0 | 57,053.0 | 90,774.8 |
| Total Miles | | 1,590.443 | 10.805 | 17.193 |

| VALVES | | | | |
|--------|---|--------------------|----------------------|--|
| SIZE | EXISTING IN SYSTEM AS OF 12/31/2010 | REMOVED IN 2011 | INSTALLED IN 2011 | REMAINING IN SYSTEM AS OF 12/31/2011 |
| 48" | 16 | | | 16 |
| 42" | 4 | | | 4 |
| 36" | 18 | | | 18 |
| 30" | 65 | | | 65 |
| 24" | 39 | | | 39 |
| 20" | 133 | | | 133 |
| 16" | 190 | | 3 | 193 |
| 14" | 3 | | | 3 |
| 12" | 2,294 | 4 | 18 | 2,308 |
| 10" | 65 | | | 65 |
| 8" | 6,436 | 2 | 128 | 6,562 |
| 6" | 12,932 | 32 | 36 | 12,936 |
| 4" | 7,171 | 41 | | 7,130 |
| Total | 29,366 | 79 | 185 | 29,472 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Table of Rainfall in New Orleans

Last Ten Years

| YEAR | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | ANNUAL MONTHLY AVERAGE | EXCESS OR DEFICIT | | | | | | | | | | |
|---------|---------|----------|------------|----------|------------|----------|------------|----------|------------|----------|------------|----------|------------------------|-------------------|--------|----------|----------|----------|--------|----------|--------|----------|--------|----------|
| YEAR No | AMOUNT | AMOUNT | TOTAL DATE | AMOUNT | TOTAL DATE | AMOUNT | TOTAL DATE | AMOUNT | TOTAL DATE | AMOUNT | TOTAL DATE | AMOUNT | TOTAL DATE | AMOUNT | | | | | | | | | | |
| 2002 | 3.97 | 2.23 | 6.20 | 4.77 | 10.97 | 3.60 | 14.47 | 2.27 | 18.74 | 5.49 | 22.23 | 5.83 | 28.06 | 5.63 | | | | | | | | | | |
| 109 | total | 508.30 | 498.98 | 1,007.13 | 588.96 | 1,574.11 | 524.62 | 2,105.68 | 523.92 | 2,693.65 | 600.01 | 3,237.70 | 702.89 | 3,940.39 | 840.05 | 4,560.94 | 3,455.48 | 5,952.50 | 403.47 | 5,859.03 | 510.08 | 6,468.48 | | |
| avg. | 4.68 | 4.56 | 9.24 | 5.20 | 14.44 | 4.81 | 19.32 | 4.91 | 24.13 | 5.50 | 28.70 | 6.45 | 38.15 | 5.87 | 42.02 | 5.75 | 47.77 | 3.17 | 50.94 | 3.70 | 54.67 | 4.68 | 59.33 | |
| 2003 | 0.12 | 6.08 | 6.20 | 4.65 | 10.85 | 5.39 | 18.24 | 2.32 | 18.98 | 17.78 | 38.35 | 9.17 | 45.32 | 3.53 | 48.05 | 2.50 | 51.55 | 3.24 | 54.78 | 5.01 | 59.80 | 2.11 | 81.91 | 2.58 |
| 110 | total | 608.42 | 502.64 | 1,013.33 | 571.63 | 1,594.86 | 530.01 | 2,121.93 | 539.24 | 2,849.24 | 617.60 | 3,274.05 | 712.08 | 3,989.11 | 843.59 | 4,829.69 | 3,487.82 | 5,938.59 | 348.70 | 5,607.28 | 408.48 | 6,018.83 | 512.19 | 6,528.37 |
| avg. | 4.62 | 4.57 | 8.21 | 5.20 | 14.41 | 4.82 | 19.29 | 4.78 | 24.07 | 5.82 | 29.78 | 6.47 | 38.24 | 5.85 | 42.09 | 3.17 | 47.61 | 3.17 | 50.98 | 3.71 | 54.72 | 4.66 | 59.35 | 2.11 |
| 2004 | 3.34 | 8.10 | 11.44 | 0.89 | 12.43 | 6.30 | 20.73 | 7.38 | 26.11 | 10.31 | 38.42 | 4.78 | 43.20 | 4.18 | 47.58 | 1.07 | 48.45 | 5.55 | 54.00 | 6.08 | 60.08 | 2.76 | 62.84 | 3.48 |
| 111 | total | 511.76 | 510.74 | 1,024.77 | 572.62 | 1,597.39 | 538.31 | 2,142.66 | 533.62 | 2,876.32 | 628.11 | 3,312.47 | 716.84 | 4,029.31 | 847.78 | 4,877.07 | 3,507.04 | 5,942.25 | 414.59 | 6,078.87 | 514.85 | 6,591.21 | | |
| avg. | 4.61 | 4.60 | 9.23 | 5.16 | 14.39 | 4.85 | 19.30 | 4.81 | 24.11 | 5.66 | 38.30 | 5.84 | 42.14 | 3.19 | 47.81 | 0.06 | 48.41 | 5.91 | 54.75 | 4.64 | 59.38 | | | |
| 2005 | 3.65 | 9.03 | 12.68 | 3.86 | 18.54 | 6.48 | 23.02 | 4.01 | 27.03 | 4.28 | 31.32 | 11.62 | 42.94 | 14.55 | 57.45 | 0.86 | 58.35 | 0.06 | 58.41 | 1.23 | 59.64 | 2.98 | 62.60 | 3.19 |
| 112 | total | 515.41 | 519.77 | 1,037.45 | 576.48 | 1,613.93 | 544.78 | 2,165.66 | 537.63 | 2,703.35 | 632.40 | 3,343.79 | 728.46 | 4,072.25 | 852.31 | 4,734.56 | 3,565.39 | 5,943.31 | 415.79 | 6,138.65 | 517.81 | 6,653.81 | | |
| avg. | 4.60 | 4.64 | 9.26 | 5.15 | 14.41 | 4.86 | 19.34 | 4.80 | 24.14 | 5.65 | 38.36 | 5.90 | 42.27 | 3.18 | 47.91 | 0.06 | 48.41 | 5.91 | 54.75 | 4.64 | 59.38 | | | |
| 2006 | 2.60 | 2.72 | 5.32 | 0.25 | 5.57 | 3.16 | 8.73 | 0.76 | 9.49 | 2.18 | 11.85 | 6.40 | 20.05 | 6.40 | 28.45 | 2.89 | 29.34 | 3.03 | 32.37 | 2.94 | 35.31 | 10.55 | 45.89 | 3.62 |
| 113 | total | 518.01 | 522.49 | 1,042.77 | 578.73 | 1,619.50 | 547.95 | 2,174.41 | 538.38 | 2,712.84 | 634.56 | 3,355.44 | 736.80 | 4,092.30 | 858.71 | 4,761.01 | 3,594.73 | 5,957.27 | 418.73 | 6,123.86 | 528.46 | 6,659.67 | | |
| avg. | 4.58 | 4.62 | 9.23 | 5.10 | 14.33 | 4.85 | 19.24 | 4.76 | 24.01 | 5.62 | 38.22 | 5.92 | 42.13 | 3.16 | 47.74 | 0.06 | 48.41 | 5.91 | 54.75 | 4.64 | 59.38 | | | |
| 2007 | 4.12 | 1.81 | 5.93 | 1.30 | 7.31 | 1.81 | 9.12 | 17.63 | 4.43 | 22.06 | 7.68 | 28.72 | 1.64 | 31.38 | 4.42 | 35.78 | 11.62 | 47.40 | 1.21 | 48.61 | 4.52 | 53.13 | 4.43 | |
| 114 | total | 522.13 | 524.30 | 1,048.70 | 578.11 | 1,628.81 | 549.78 | 2,180.53 | 548.90 | 2,730.47 | 638.99 | 3,377.50 | 744.52 | 4,122.02 | 870.35 | 4,782.37 | 3,608.51 | 5,430.51 | 388.98 | 5,799.47 | 419.94 | 6,222.47 | 532.98 | 6,752.80 |
| avg. | 4.58 | 4.60 | 9.20 | 5.07 | 14.27 | 4.82 | 19.15 | 4.80 | 23.95 | 5.61 | 38.33 | 5.93 | 42.04 | 3.18 | 47.64 | 0.06 | 48.41 | 5.91 | 54.75 | 4.64 | 59.38 | | | |
| 2008 | 6.32 | 5.64 | 11.96 | 2.57 | 14.53 | 7.88 | 22.41 | 7.78 | 30.17 | 6.52 | 39.69 | 3.91 | 40.60 | 7.77 | 48.37 | 7.87 | 56.24 | 1.36 | 57.60 | 2.05 | 59.68 | 1.86 | 61.52 | 2.27 |
| 115 | total | 528.45 | 529.34 | 1,050.66 | 580.68 | 1,641.34 | 551.64 | 2,205.84 | 554.86 | 2,780.64 | 645.51 | 3,414.19 | 748.43 | 4,162.62 | 878.12 | 4,840.74 | 3,648.03 | 5,488.75 | 370.32 | 5,857.07 | 422.00 | 6,282.13 | 534.84 | 6,814.32 |
| avg. | 4.60 | 4.61 | 9.22 | 5.05 | 14.27 | 4.85 | 19.18 | 4.82 | 24.01 | 5.61 | 38.33 | 5.93 | 42.04 | 3.18 | 47.64 | 0.06 | 48.41 | 5.91 | 54.75 | 4.64 | 59.38 | | | |
| 2009 | 5.18 | 2.97 | 8.13 | 6.17 | 14.30 | 1.21 | 15.51 | 2.48 | 17.96 | 2.40 | 20.38 | 9.82 | 24.18 | 4.62 | 28.60 | 7.55 | 36.25 | 7.57 | 43.62 | 0.78 | 44.60 | 19.81 | 64.41 | 5.37 |
| 116 | total | 533.61 | 532.81 | 1,068.79 | 586.95 | 1,655.64 | 559.65 | 2,221.45 | 557.12 | 2,778.60 | 647.81 | 3,434.55 | 752.25 | 4,186.90 | 882.74 | 4,869.54 | 3,653.48 | 5,523.00 | 377.89 | 5,900.88 | 422.78 | 6,326.73 | 554.65 | 6,878.73 |
| avg. | 4.60 | 4.59 | 9.21 | 5.06 | 14.27 | 4.82 | 19.15 | 4.80 | 23.95 | 5.59 | 38.33 | 5.93 | 42.04 | 3.18 | 47.64 | 0.06 | 48.41 | 5.91 | 54.75 | 4.64 | 59.38 | | | |
| 2010 | 1.75 | 5.91 | 7.68 | 2.74 | 10.40 | 2.97 | 13.37 | 8.12 | 19.48 | 7.24 | 28.73 | 5.82 | 32.35 | 9.58 | 41.93 | 2.26 | 44.18 | 0.39 | 44.58 | 2.32 | 46.90 | 1.58 | 48.49 | 4.04 |
| 117 | total | 535.36 | 538.82 | 1,078.45 | 589.59 | 1,666.04 | 561.82 | 2,234.81 | 563.74 | 2,798.08 | 650.15 | 3,461.78 | 757.87 | 4,219.15 | 882.92 | 4,911.47 | 3,655.74 | 5,567.19 | 378.29 | 5,945.47 | 425.10 | 6,373.64 | 568.23 | 6,927.21 |
| avg. | 4.58 | 4.61 | 9.20 | 5.04 | 14.24 | 4.80 | 19.10 | 4.81 | 23.92 | 5.60 | 38.36 | 5.92 | 42.04 | 3.18 | 47.64 | 0.06 | 48.41 | 5.91 | 54.75 | 4.64 | 59.38 | | | |
| 2011 | 2.89 | 1.59 | 4.59 | 8.49 | 11.08 | 0.27 | 11.35 | 0.80 | 12.25 | 4.18 | 16.42 | 11.48 | 27.91 | 1.57 | 29.48 | 9.99 | 39.47 | 0.14 | 39.61 | 1.88 | 41.27 | 0.78 | 42.04 | 3.50 |
| 118 | total | 538.35 | 540.42 | 1,081.04 | 598.08 | 1,677.12 | 562.08 | 2,246.17 | 564.13 | 2,810.34 | 659.33 | 3,477.11 | 769.35 | 4,247.06 | 883.69 | 4,940.95 | 3,665.73 | 5,608.66 | 378.43 | 5,965.08 | 428.78 | 6,414.91 | 557.00 | 6,969.26 |
| avg. | 4.58 | 4.58 | 9.16 | 5.06 | 14.21 | 4.78 | 19.04 | 4.78 | 23.82 | 5.59 | 38.33 | 5.93 | 42.04 | 3.18 | 47.64 | 0.06 | 48.41 | 5.91 | 54.75 | 4.64 | 59.38 | | | |
| 2012 | 1.74 | 3.38 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 | 5.12 |
| 119 | total | 540.09 | 543.76 | 1,086.16 | 596.08 | 1,682.23 | 562.08 | 2,251.28 | 564.13 | 2,815.46 | 659.33 | 3,482.82 | 769.35 | 4,252.17 | 883.89 | 4,948.07 | 3,665.73 | 5,611.77 | 378.43 | 5,960.20 | 428.78 | 6,420.02 | 557.00 | 6,974.37 |
| avg. | 4.64 | 4.57 | 9.13 | 5.01 | 14.14 | 4.72 | 18.92 | 4.74 | 23.69 | 5.54 | 38.27 | 6.47 | 35.73 | 5.83 | 41.56 | 5.59 | 47.16 | 3.18 | 50.34 | 3.59 | 53.95 | 4.68 | 58.61 | |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

COST OF OPERATIONS IDENTIFICATION PROGRAM BENCHMARKING 2011

ADMINISTRATIVE SERVICES DEPARTMENT

Insurance Cost per Employee:

| | | |
|-----------------------|----|----------|
| Workers' Compensation | \$ | 1,900 94 |
| Auto Liability | \$ | 371 44 |
| General Liability | \$ | 72.76 |

ENGINEERING DEPARTMENT

| | | |
|--|--|------|
| Total Capital Program Design and Construction Contracts Cost Growth | | 6 1% |
|--|--|------|

ENVIRONMENTAL DEPARTMENT

| | | |
|---|----|--------|
| Cost of Typical Industry Sampling Event | \$ | 628 89 |
|---|----|--------|

FACILITY MAINTENANCE DEPARTMENT

| | | |
|------------------------------|----|-------|
| Cost to set 5/8" water meter | \$ | 94 59 |
|------------------------------|----|-------|

MANAGEMENT SERVICES DEPARTMENT

FINANCE:

| | | |
|---|----|-------|
| Cost to Process a Miscellaneous Invoice | \$ | 35 66 |
| Cost to Process a Vendor Invoice | \$ | 13.02 |
| Cost to Process a Paycheck | \$ | 5.67 |

INFORMATION SYSTEM:

| | | |
|-----------------------------|----|------|
| Cost to Image a Document | \$ | 0.33 |
| Cost to Retrieve a Document | \$ | 1.58 |

PERSONNEL:

| | | |
|---|----|--------|
| Cost to Hire an Employee | \$ | 154 36 |
| Cost to complete a Voluntary - Employee Termination | \$ | 19.85 |
| Employee Turnover Rate | | 10.06% |
| Cost to Train an Employee | \$ | 224 84 |

PURCHASING:

| | | |
|---|----|-------|
| Cost to Process a Sundry Purchase Order | \$ | 45 63 |
|---|----|-------|

REVENUE:

| | | |
|--|----|------|
| Cost to Read a Meter | \$ | 1 12 |
| Cost to Render a Bill (Less Meter Reading) | \$ | 0.78 |
| Cost to Manage a Customer by Phone | \$ | 2 80 |
| Cost to Manage a Customer by Mail | \$ | 2 97 |
| Cost to Manage a Walk-in Customer | \$ | 4 84 |
| Cost to Process a Mail-in Payment | \$ | 0.38 |
| Cost to Process a Walk-in Payment | \$ | 1.71 |

SUPPORT SERVICES DEPARTMENT

| | | |
|---------------------------------|----|----------|
| Average Annual Maintenance Cost | \$ | 1,500.00 |
| Per Piece of Equipment | | 20% |

SEWERAGE AND WATER BOARD OF NEW ORLEANS

SINGLE AUDIT REPORTS

DECEMBER 31, 2011



Postlethwaite
& Netterville

A Professional Accounting Corporation

www.pncpa.com

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Single Audit Reports

December 31, 2011

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Members of the Board
Sewerage and Water Board of New Orleans

We have audited the financial statements of the Sewerage and Water Board of New Orleans (the Board), as of and for the year December 31, 2011, and have issued our report thereon dated April 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Board in a separate letter dated April 25, 2012.

This report is intended solely for the information and use of the Board, the Board's management and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Tetlowville

New Orleans, Louisiana
April 25, 2012



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133 AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Members of the Board
Sewerage and Water Board of New Orleans

Compliance

We have audited the compliance of Sewerage and Water Board of New Orleans (the Board), with the types of compliance requirements described in the *Circular A-133 Compliance Supplement* that could have direct and material effect on each of the Board's major federal programs for the year ended December 31, 2011. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Schedule of Expenditures of Federal Awards

This report is intended solely for the information of the Board, the Board's management and federal awarding agencies and pass-through entities, such as the Louisiana and Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Nettville

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SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Expenditures of Federal Awards

For the year ended December 31, 2011

| <u>Federal Grantor/Program Title</u> | <u>CFDA Number</u> | <u>Expenditures</u> |
|--|------------------------|----------------------|
| Department of Housing and Urban Development – Community Development Block Grants Passed through State of Louisiana Office of Community Development | 14 228 | \$ 1,020,824 |
| Environmental Protection Agency – Surveys, Studies, Investigation and Special Purpose Grants Sewer System Evaluation and Rehabilitation Program | 66 606 | 116,243 |
| Environmental Protection Agency – Research & Technology Foundation. The Lake Pontchartrain Basin Program Passed through University of New Orleans | 66 202 | 32,712 |
| Environmental Protection Agency – Capitalization Grants for Drinking Water State Revolving Funds Passed through Louisiana Department of Health and Hospitals | | |
| Non-ARRA loan | 66 468 | 899,710 |
| ARRA loan | 66 468 | 629,124 |
| ARRA grant | 66 468 | 480,369 |
| United States Department of Homeland Security – Public Assistance Grants Passed through the State of Louisiana Office of Homeland Security and Emergency Preparedness | 97 036 | 39,436,211 |
| United States Department of Homeland Security – Hazard Mitigation Grants Passed through the State of Louisiana Office of Homeland Security and Emergency Preparedness | 97 039 | 33,500 |
| United States Department of Homeland Security – Special Community Disaster Loans (note 4) | 97 030 | - |
| | | <u>\$ 42,648,693</u> |

See accompanying notes to Schedule of Expenditures of Federal Awards

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Notes to Schedule of Expenditures of Federal Awards

December 31, 2011

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal awards of the Sewerage and Water Board of New Orleans (the Board). The Board's reporting entity is defined in note 1 to the financial statements for the year ended December 31, 2011. All federal awards received from federal agencies are included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1 to the Board's financial statements for the year ended December 31, 2011.

(3) Relationship to Basic Financial Statements

Federal awards are included in the statement of net assets and the statement of revenues, expenses and changes in net assets as follows:

| | |
|----------------------------------|----------------------|
| Operating and maintenance grants | \$ 10,952,083 |
| Capital contributions | 30,167,776 |
| Bonds payable | <u>1,503,834</u> |
| | 42,623,693 |
| Bond payments in 2011 | <u>25,000</u> |
| | \$ <u>42,648,693</u> |

(4) Loans Payable to Federal Agency

The Board received a Special Community Disaster Loan (the "Loan") from the federal government in January 2006. In 2010, the Board was granted a partial forgiveness on the loan in the amount of \$36,790,000. The Board was also granted a five year extension in the loan terms. The loan balance as of December 31, 2011 totaled \$25,166,747. The terms of the Loan call for interest to accrue at various annual rates to be repaid with the principal when the Loan becomes due during 2016.

The Board entered into an agreement with the Louisiana Department of Health and Hospitals (the Department) whereby the Department has committed to loan the Board up to \$3,400,000 to fund the installation of a new sodium hypochlorite storage and feed facility as well as the installation of a new sludge line into the Mississippi River (project). The loan is to be advanced in incremental amounts as project costs are incurred. The debt will be paid in 20 principal installments. The ultimate amount of borrowings is not yet known as of December 31, 2011 since the project is under construction. Principal payments began in 2011. The bonds have an interest rate of 2.95%. A portion of the LADHH bonds payable is to be funded with amounts provided under the American Recovery and Reinvestment Act (ARRA). Up to \$1,000,000 of the ARRA Loan can be forgiven. The Board received advances of \$2,157,835 through December 31, 2011. Of this amount, \$629,124 has been forgiven, and \$1,503,834 is recorded as bonds payable at December 31, 2011.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Notes to Schedule of Expenditures of Federal Awards

December 31, 2011

(4) Loans Payable to Federal Agency (continued)

Reconciliation of total expenditures and outstanding LADHH bonds payable at December 31, 2011 is as follows

| | | |
|---|----|------------------|
| Non-ARRA loan | \$ | 899,710 |
| ARRA loan | | <u>629,124</u> |
| Total expenditures | | 1,528,834 |
| Less Repayments made in 2011 | | <u>(25,000)</u> |
| Total loan balance at December 31, 2011 | \$ | <u>1,503,834</u> |
| | | |
| Bonds payable, net of current maturity | \$ | 1,439,834 |
| Bonds payable, current maturity | | <u>64,000</u> |
| Total bonds payable | \$ | <u>1,503,834</u> |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

(1) Summary of Auditors' Results

- (a) The type of report issued on the basic financial statements unqualified opinion
- (b) Significant deficiencies in internal control were disclosed by the audit of the basic financial statements no, Material weaknesses no
- (c) Noncompliance which is material to the basic financial statements no
- (d) Significant deficiencies in internal control over major program no,
Material weaknesses no
- (e) The type of report issued on compliance for major program unqualified opinion
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133 no
- (g) Major program
Environmental Protection Agency –
Capitalization Grants for Drinking Water State Revolving Funds - Passed through Louisiana
Department of Health and Hospitals (CFDA number 66 468)

United States Department of Homeland Security, Federal Emergency Management Agency –
Public Assistance Grants - passed through the State of Louisiana (CFDA number 97 036)
- (h) Dollar threshold used to distinguish between Type A and Type B programs \$1,219,185
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: no

(2) Findings Relating to the Basic Financial Statements Reported in Accordance with Government Auditing Standards

None

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Summary Schedule of Prior Audit Findings

Year ended December 31, 2011

2010-1 – Internal Control over Financial Reporting

Condition General ledger account reconciliations for some significant accounts or transaction classes were not performed by management in a timely manner

Effect As part of the audit process, we have historically assisted management in drafting the financial statements and related notes for the year-end audit procedures. During the course of our audit procedures we identified significant adjusting entries to general ledger accounts. Because our involvement is so important to the financial reporting process and due to the significance of the financial statement adjustments, this is an indication that the internal control over financial reporting of the Board meets the definition of a significant deficiency and reaches the level of a material weakness.

Current Status Resolved

2010-2 – Inventory

Condition The Board did not have adequate policies, procedures, and internal controls in place to ensure that inventory was fairly stated in its financial statements on a timely basis.

Effect Material adjustments were posted by the Board to the inventory balance.

Current Status Resolved

2010-3 – Supporting Documentation for Expenditures
Public Assistance Grants (CFDA number 97.036)

Condition The Board enters information from approved manual work papers into an electronic work order system. The electronic work orders are submitted to the state government agency in order to be reimbursed for labor, materials, and equipment usage. We noted a net error of \$2,849, during the testing of \$208,700 of work orders.

Current Status Resolved

April 25, 2012

Members of the Board
Sewerage and Water Board of New Orleans

We have audited the financial statements of the Sewerage and Water Board of New Orleans (the Board) as of and for the year ended December 31, 2011 and have issued our report thereon dated April 25, 2012. In planning and performing our audit of the financial statements of the Board, we considered the Board's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal control. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control and are summarized as follows:

1. Monitoring of Investment Credit Ratings

Observation: The Board's Employees' Retirement System investment policy guidelines for individual security holdings state that for fixed income securities, non-rated bonds are not to exceed 1% of any single investment manager's portfolio. At December 31, 2011, non-rated securities were 1.08% of the total fixed income securities.

Recommendation: The Board should implement policies and procedures to monitor compliance with the Board's policies periodically.

Management's Response: The Board has implemented policies and procedures to monitor compliance of the Pension Investment Policy. The Board's staff has requested a quarterly report, listing non-rated bonds of fixed income securities. The Board will review non-rated bonds of fixed income securities of each investment manager's portfolio. A review will transpire quarterly to ensure that non-rated bonds are in compliance with the Pension Investment Policy and Procedures.

Sincerely,



Postlethwaite & Netterville, APAC